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The cabinet

The national unity cabinet poses with President Chaim Herzog at Beit Hanassi on Friday, 10 hours after it received the Knesset's confidence by a vote of 89 to 18 with one abstention.

Standing from left to right are Arye Nehamkin, Yitzhak Rabin, Ya'acov Tzur, Amnon Rubinstein, Mordechai Gur, Yigael Hurvitz, Ezer Weizman, Haim Bar-Lev, Gad Ya'acobi, Gideon Pati, Avraham Shari, Yitzhak Moda'i, Yosef Burg, Ariel Sharon, Moshe Nissim, Moshe Shahal, Moshe Katzav, Haim Corfu, Yosef Shapira, Yitzhak Peretz and Moshe Arens.

Seated with the president left to right are Vice-Premier David Levy, Prime Minister Shimon Peres, Deputy Prime Minister Yitzhak Shamir and Vice-Premier Yitzhak Navon. (Story on page 3) (Rahamim Israeli)

Peres plans contacts with heads of state

Jerusalem Post Reporter
Prime Minister Shimon Peres said on Friday he is planning to establish contacts with heads of state and governments in the Middle East and in Europe, apart from first tackling the urgent problems of the economy and withdrawal from Lebanon.

Asked in a brief television interview held for the first time with Peres in the Prime Minister's Office, how he felt in his new chair, Peres said it is not a question of where one sits, but of what one can do. We cannot waste time, there are many important and urgent matters to take care of, he said.

Earlier, at the handing-over ceremony Friday morning, at the Prime Minister's office Peres had warm words for his predecessor, Deputy Prime Minister and Foreign Minister Yitzhak Shamir, praising the good and friendly relations both of them developed during the long weeks of the coalition talks.

Following another ceremony at the president's residence, Shamir performed his first function as foreign minister by attending Costa Rica's Independence Day reception at the Jerusalem residence of Ambassador Eduardo Jenkins. (More items on ministerial changeovers, page 2.)

The man in charge

President Chaim Herzog leaves today for the Netherlands on a private visit (Story page 3). His place will be filled, as the law provides, by Knesset Speaker Shlomo Hillel.

There is an anomaly in this situation, in that the Knesset has not yet elected its deputy speakers. The next Knesset session is on Tuesday.

The election of the Knesset president has awaited the outcome of the government coalition negotiations. Hillel for the time being remains in sole control of a possibly turbulent house while acting as head of state.

Shamir determined to ignore dissent

By DAVID LANDAU
Post Diplomatic Correspondent

Likud bloc chief and Deputy Premier Yitzhak Shamir intends to ignore the rumbling dissent against him within the Herut Knesset faction, confident that he has a solid majority of the party central committee behind him. Sources close to him said at the weekend that he would go ahead and appoint "whomever he thinks best" to the post of deputy defence minister, disregarding a petition signed by more than a dozen Herut MKs on Thursday asking that the choice be made by the party's Knesset faction.

Shamir is likely to appoint either his close confidant Michael Dekel, or else La'am's Ehud Olmert, to the deputy defence post.

The petitioners are seeking the appointment of Elihu Ben-Elissar. They are supported by Industry Minister Ariel Sharon and by Deputy Premier David Levy, who both balked earlier last week at Shamir's exclusion of Yoram Aridor from the unity cabinet.

The sources close to Shamir said he is determined not to flinch in the face of this continuing challenge to his leadership. They said that he

feels strong enough to withstand even a joint assault by Levy and Sharon.

Lea Levavi adds: Shamir told Israel Radio yesterday that he did not think anyone other than he is worthy of being the movement's leader. "If I thought otherwise, I might reach different conclusions personally. But I think the good of the Likud and of the state requires that I remain in my current position."

He said neither Sharon nor Levy has ever asked him to step down for their benefit, and in discussions both have expressed willingness to continue working with him. "There are no enemies in political parties; sometimes there are rivals, but the rivalry is always transitory," he said.

As for the statement by Sharon supporter MK David Magen that Shamir has finished his political career, Shamir said Sharon had dissociated himself from it completely. "They have been saying I finished my career since I was elected Speaker of the Knesset. It used to be thought that the Speaker's post was automatically the end of a political career, but I showed this is not necessarily true."

Ministry boycotted Herzog in Nazareth

Jerusalem Post Reporter

The Interior Ministry boycotted President Chaim Herzog's visit to Nazareth on Thursday, and no government representative was present at the various welcoming ceremonies for the president organized by Mayor Tawfik Zayyad, MK for the Communist-led Democratic Front for Peace and Equality.

Northern District representative Yisrael Koenig opposed the president's visit to Nazareth, claiming that it would be regarded as a political act, encouraging the town's Communist administration. At a meeting with Koenig prior to the visit, Herzog rejected these objections, stressing that he is the president of all of Israel's citizens. He demanded that proper arrangements be made for his reception in Nazareth.

The arrangements were indeed made, but primarily by the Nazareth municipality. According to Zayyad, the spontaneous and warm welcome for the president exceeded all expectations.

Herzog intends to pursue the matter, it is learned, and will write a letter to the interior minister - now Prime Minister Shimon Peres - demanding an explanation why the Northern District representative or his deputy was not present at the visit.

Settlers' group leaves Nablus hotel

Jerusalem Post Reporter

Seven Jewish families who spent Friday night and yesterday in a small Nablus hotel returned to their homes last night as planned, having passed a quiet Sabbath in the West Bank city.

The families, members of a group calling itself the "Nablus nucleus" and planning to settle in the city, reserved places in the hotel in advance, fulfilling a plan they had made four months ago. The places were booked in the names of Japanese tourists. A spokesman for the families said they chose to spend this

particular Sabbath in Nablus because the city, specifically Mt. Grizim, figures in yesterday's weekly Tora portion.

The spokesman said the families complied with an Israeli Defence Forces request not to walk around the town, where tension was already mounting in anticipation of the anniversary of the Sabra and Shatila massacre, which falls this week.

He said the families received cabled congratulations on their act from Knesset Members Haim Druckman (Morasha) and Genia Cohen (Tehiya).

Rafah mayor shot dead on way home after prayers

Jerusalem Post Staff and Agencies

Rafah Mayor Abdul-Hamid Kishita was murdered on Friday night as he left a mosque after prayers in this Gaza Strip city's main street.

Kishita, 54, was shot in the head by a youth and died shortly afterwards at the government hospital in Khan Yunis.

An Israeli Defence Forces spokesman said last night the assailant had not been identified and that a police investigation was under way. Reuter, however, reported that four local Arabs had been arrested. It gave no further details.

Kishita was walking from the Al-Awda Mosque to his home 200 metres away when the attack occurred. A youth approached his entourage, drew a pistol, and shot him in the back of the head from two

metres. Israel Radio last night quoted a statement broadcast on Damascus Radio, that "guerrillas killed him because he was a collaborator" with the Israeli military government in Gaza. Later, Damascus Radio reported that the PLO had claimed responsibility for the murder.

Kishita served two terms as mayor of Rafah, which lies at the southern end of the Gaza strip. Part of the city was returned to Egypt in April, 1982.

His family said last night that Kishita was a fair man, loved by his people, with no political stand and no enemies. They could not find a motive for his murder.

His funeral is to take place this morning, and security measures are being taken to ensure the maintenance of order in the city.

Unity terms ambiguous on settlement

By DAVID LANDAU
and ASHER WALLFISH
Jerusalem Post Correspondents

One of the first of the five to six new settlements to be erected this year by the unity government will go up in Samaria, close to the 1967 border. This has already been agreed informally between Likud and Labour, a high Likud source said last night.

Under the terms of the government's policy guidelines, five to six settlements out of the 28 approved by the previous government but not yet erected are to go up during the government's first year in office. Their location is to be decided upon "within one week of the government's taking office."

The Likud source said this decision would be made in informal (Continued on Back Page)

Senior UN official due here today

Post Diplomatic Correspondent

The top political assistant to the UN Secretary-General, Brian Urquhart, is due in Jerusalem today and will meet with top government ministers and officials.

His visit, though not originally planned to coincide with the formation of the new government, is considered especially important in view of its timing. It will enable Premier Shimon Peres and Defence Minister Yitzhak Rabin to discuss with the top UN official ideas for an enhanced Unifil role in South Lebanon which could help speed Israel's withdrawal from the area.

Towards the end of the Likud government, there were indications of a shift in attitude towards Unifil and its possible role, particularly on the part of former defence minister Moshe Arens. In the senior echelons of the army, it is understood, there is a willingness to see Unifil expand its operations and responsibilities in South Lebanon.

High Israeli sources stress, however, that Israel will not consider disbanding the South Lebanon Army under Gen. Antoine Lahad and rely solely on Unifil as a buffer between its border and PLO elements to the north.

Egypt to push for overall M.E. peace

CAIRO (AP). - Egypt said yesterday it is determined to seek a negotiated overall Arab-Israeli settlement, an Israeli troop withdrawal from Lebanon and an end to the Iran-Iraq war.

Prime Minister Kamal Hassan Ali outlined Egypt's principal foreign-policy objectives in a policy statement to parliament, is first since forming a new cabinet last July.

"Negotiation should replace confrontation and international dialogue should replace the use or threat of force," Ali told the 358-member parliament.

"An overall and just peace is not one of several available options but the only available alternative," Ali said.

He said his government will seek "to complete the peace march toward a just and comprehensive settlement of the Middle East problem, with the Palestinian question at its core, an Israeli withdrawal from South Lebanon and termination of the war between Iraq and Iran."

Ali said his government also will try to "expand the area of understanding with sister Arab states in the interest of Arab unity."

(Continued on Back Page)

Histadrut 'won't accept' C-o-L reduction Budget cuts top agenda at first cabinet meeting

By AVI TEMKIN
Post Economic Reporter

The new government is today to hold the first in a series of discussions on how to cut \$1 billion from its budget. The discussion will be followed immediately by a meeting between key ministers and Histadrut leaders in an attempt to persuade the Labour Federation to accept modification of the cost of living allowance system.

Histadrut Secretary-General Yisrael Kessar indicated on Friday that he will not agree to a reduction in C-o-L compensation. According to the economic plan drafted by former finance minister Yigal Cohen-Orgad, there would be a one-time, 10 per cent reduction in the allowance, within the framework of a wage-price freeze.

Finance Minister Yitzhak Moda'i, Economics Minister Gad Ya'acobi and Prime Minister Shimon Peres met on Friday, a few hours after Moda'i took over at the ministry. Various policy lines were discussed although the trio did not get down to details.

They decided that Moda'i would present to the cabinet his ideas on

cutting \$1b., and that a formal decision to trim the budget would be taken. Moda'i will meet the rest of the ministers and his ministry officials during the week to decide on the details of the cut.

According to sources close to the Treasury, today's cabinet meeting will not decide on operative measures; it will just be presented with Moda'i's general ideas regarding the budget and government expenditure.

According to economic observers in Jerusalem, the meeting between Peres, Moda'i and Ya'acobi may be the first in a regular series.

Although Moda'i has come up with some general ideas concerning the economy, he will need a few days to decide on specific measures, such as the introduction of new taxes, and the increase in value added tax to 17 per cent as proposed by the Cohen-Orgad plan, the observers said.

It has been learned that, within the new government's economic leadership, there are differences of opinion as to the benefits of introducing new taxes. Thus Moda'i has apparently decided to start cabinet-level talks with the measures to cut government spending, since this would show that the first priority is

cutting the government's own "standard of living" before that of the public.

According to the plans prepared by the Treasury under Cohen-Orgad, the \$1b. cut in the budget would be implemented via a \$500 million cut in government operations - including some \$150m. from the defence budget - and some \$500m. from welfare allowances and subsidies on basic commodities. But it is not clear whether the new government will adopt this plan in its original, or in modified form.

The last few days have seen a continuation in the rapid devaluation of the shekel. On Friday the local currency lost 1.86 per cent of its value against the dollar, bringing the cumulative rate of devaluation since the beginning of the month to 11.1 per cent.

According to Bank of Israel sources, there are considerable differences of opinion within the central bank as to the benefits of speeding up the devaluation. Bank sources said that the Governor Moshe Mandelbaum has been urging the rate of devaluation to protect himself from any criticism about a further drop in the level of foreign currency reserves.

Sept. wages to include 13% C-o-L payment

By AVI TEMKIN

Wage earners will receive a 13.2 per cent cost-of-living compensation payment in their September salaries, following the 16.5 per cent rise in the consumer price index for August, the highest rise in consumer prices ever recorded for that month.

The increase in the net payments received by wage earners will be more than 13.2 per cent, however, since the Treasury will reimburse workers for the extra tax they paid in August due to the non-adjustment of income tax brackets. The ministry agreed with the Histadrut early this month to retroactively adjust the brackets.

Hikes in consumer prices over the last month brought the index to 5,746.9 points on a 1980-100 baseline. According to figures released by the Central Bureau of Statistics on Friday together with the CPI figures, an average family of four would need IS211,500 to buy the same basket of goods and services it purchased in 1980 with IS3,680.

According to economic observers, the rate of inflation for September may hit the 20 per cent mark, due to the influence of the High Holidays

on prices and to the rapid devaluation of the shekel over the last weeks.

The observers added that since July, the rate of devaluation has been higher than the rate of inflation. Since wages have ever been lagging after prices, this means that there has been a relatively large erosion in real wages in the last two months.

Reacting to the inflation figures, the Treasury said that they reflect the urgent need to implement economic measures.

The ministry said that as of midnight, travel tax would be adjusted to IS32,800.

Since the beginning of the year prices have gone up by some 191.2 per cent, while in the last 12 months the cumulative rate of price hikes is 393.8 per cent.

The economy will therefore enter the traditionally inflationary autumn months with an average monthly rate of inflation of already some 15 per cent.

Prior to the CBS announcement, the Treasury calculated that the CPI had gone up by some 15 per cent. This deviation from the actual fi-

gures was apparently due to an unusually high rise in the prices of fruits and vegetables, by 19 per cent.

At the other end of the scale, end-of-season sales meant the prices of clothes and footwear went up by only 4.5 per cent in August (133.3 per cent since the beginning of the year).

Other items registering large price increases were food (18 per cent and 186.4 per cent since December); transportation and communications (18.2 per cent and 187.3 per cent); education (17.4 per cent and 181.6 per cent); and housing (17.1 per cent and 228.4 per cent). It should be noted that the prices of food and housing have risen by 420.2 per cent and 425.3 per cent respectively in the last 12 months.

One of the main indicators as to future inflation was the large increase in wholesale prices. The wholesale price index of industrial output rose by 19.8 per cent.

The price index of input in residential building went up by 16.8 per cent, reaching 424.8 points on an October 1983-100 baseline. The price index of inputs in agriculture rose by 19.1 per cent.

Karameh blames Peres for 'attack'

BEIRUT (AP). - Lebanese Prime Minister Rashid Karameh yesterday

held Israel responsible for a gunboat attack on mostly Moslem West Beirut, on Friday, calling it a "disturbing message" from Israel's new government.

The accusation came a day after the military command in Israel denied that any of its navy vessels had been involved in the shootout with Druse militias and West Beirut's Moslem Lebanese Army garrison.

Druse communiques and eyewitnesses said the attacking gunboat belonged to the Israeli-backed Lebanese Forces militia that controls East Beirut. A statement from the army's 6th Brigade in West Beirut blamed the hour-long shootout on Friday that left a police major wounded on an "unidentified gunboat."

The Voice of Lebanon radio sta-

tion of the Christian Phalange Party said the gunboat was Israeli, as did some Lebanese Army soldiers ashore.

A Lebanese Army corporal said the gunboat had aimed twice at the shore south of Beirut. Witnesses then reported that the vessel opened up toward the mostly Moslem sector's Avenue de Paris, panicking pedestrians and motorists along the seaside thoroughfare.

"The visit of the war vessel to Beirut's coast and its attack on the city is a disturbing message pointing to the hidden intentions behind the formation of the new government of Israel," Karameh said in a statement.

"We find no difference between the present and the past," the Syrian-backed premier said of the Labour-Likud coalition. "Prime Minister Peres has declared that his

course of action to get out from the Lebanese quagmire and withdraw his army from the occupied south is conditional on the security of Galilee. This is the same slogan that the Likud government used to justify the occupation of South Lebanon."

The incident came shortly after a high-powered Syrian army delegation wound up talks with Lebanese Army commanders on field details and a timetable for the deployment of some 8,000 Lebanese troops in the embattled central mountains, at present controlled by Druse irregulars.

The Syrian delegation, led by Maj.-Gen. Ali Aslan, head of the Syrian Army operations, drove from Damascus on Friday morning, shortly after tank, artillery and mortar battles between Christian and Druse militiamen eased off in the hills just east of Beirut.

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The weather at major Swissair destinations

	15.9.84	MIN.	C	F	MAX.	WIND	Clouds
AMSTERDAM	14	11	52	68	68	10	Cloudy
BRUSSELS	14	11	52	68	68	10	Cloudy
BIRMINGHAM	13	10	50	66	66	10	Cloudy
CHICAGO	13	10	50	66	66	10	Cloudy
COPENHAGEN	14	11	52	68	68	10	Cloudy
FRANKFURT	14	11	52	68	68	10	Cloudy
GENEVA	14	11	52	68	68	10	Cloudy
HELSINKI	9	6	43	48	54	10	Cloudy
HONG KONG	28	25	82	77	82	10	Cloudy
JERUSALEM	14	11	52	68	68	10	Cloudy
LONDON	13	10	50	66	66	10	Cloudy
LUXEMBOURG	14	11	52	68	68	10	Cloudy
MADRID	14	11	52	68	68	10	Cloudy
MONTREAL	5	2	41	36	39	10	Cloudy
NEW YORK	13	10	50	66	66	10	Cloudy
OSLO	14	11	52	68	68	10	Cloudy
PARIS	14	11	52	68	68	10	Cloudy
SAO PAULO	14	11	52	68	68	10	Cloudy
STOCKHOLM	9	6	43	48	54	10	Cloudy
TORONTO	13	10	50	66	66	10	Cloudy
ZURICH	14	11	52	68	68	10	Cloudy

*For the latest weather conditions contact Swissair.

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THE WEATHER

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	45	13-24	25
Golan	47	16-28	28
Nahariya	49	16-27	27
Safed	51	23-28	28
Tiberias	49	19-33	33
Nazareth	53	18-28	28
Afula	47	18-32	32
Shomron	45	17-28	29
Tel Aviv	58	20-28	28
B-G Airport	60	19-28	28
Jericho	41	19-33	33
Gaza	63	20-28	28
Beer Sheva	62	16-29	30
Eilat	46	22-34	35

SOCIAL & PERSONAL

French Ambassador Jacques-Pierre Dupont yesterday attended the opening of French cinema week at the Tel Aviv Museum during which 30 films will be presented.

Peres calls on Arab states to join Israel in peace

By MARK SEGAL

Jerusalem Post Reporter

TEL AVIV. — In his first public appearance as prime minister, Shimon Peres last night urged Arab states to join Israel in peace.

Peres, who appeared with Deputy Prime Minister and Foreign Minister Yitzhak Shamir who did not speak, was addressing the 300 delegates to the Liberal International Congress at a buffet dinner given by Tel Aviv Mayor Shlomo Lahat at the Gan Oran restaurant.

Peres urged the Liberal leaders and "whoever will help" to assist Israel in reaching peace. He also challenged the scepticism of those questioning the viability of the new government, speaking of it as "a new and thrilling experiment."

He drew laughter when he said that "the difference between Shamir and me is that he has a clearer future."

Pro-Arab elements at the congress have attempted to break the general agreement not to inject the Arab-Israeli conflict into its proceedings.

The most extreme element — the International Federation of Liberal and Radical Youth — went as far as to boycott Thursday night's reception by President Chaim Herzog of the 300 delegates from 25 countries.

According to the statement issued by Ifry's nine delegates, they boycotted the president because "the arbitrary annexation of East Jerusalem... makes it difficult for us to participate in meeting with state officials in Jerusalem."

This announcement caused quite an uproar, with the Israeli organizers cancelling the invitation to them to visit Yad Vashem prior to going to Beit Hanassi.

Ifry delegation head, Robert Aldridge (Scotland) told *The Jerusalem Post* that they had subsequently visited Yad Vashem on Friday and held a discussion with Peace Now activist Galia Golan in Jerusalem. Aldridge also spoke of plans to meet West Bank representatives in the next few days. Ifry advocates: a Palestinian state and "simultaneous recognition between Israel and the PLO."

Many delegates yesterday toured Jerusalem and were the luncheon guests of Histadrut Secretary-General Yisrael Kessar at Moshav Shoshon.

French defence chief arrives in Amman

AMMAN (AP). — French Defence Minister Charles Hernu arrived here yesterday on a three-day visit at the invitation of the Jordanian government.

Government officials said Hernu will tour Jordanian military installations and meet government and army officials to discuss cooperation between his country and Jordan.

CHILDREN. — A total of 154 million was raised recently in Bat Yam to provide funds for the new local day school for retarded children.

HOME AND WORLD NEWS

Rabin holds his first meeting with CGS Levy

Jerusalem Post Staff

Defence Minister Yitzhak Rabin held his first meeting Friday afternoon with Chief of General Staff Moshe Levy and with the Defence Ministry Director-General Menahem Maron to discuss immediate matters of business.

Earlier, at a handover ceremony with outgoing defence minister Moshe Arens, Rabin told the Israel Defence Forces' senior command that the army's chief task is to prevent war. He said he is certain that the national unity government will help rebuild the national consensus which is so vital for the IDF and for the defence establishment. It is imperative to keep politics out of the army and of the defence establishment, Rabin stressed.

Rabin had especially warm words for his predecessor, saying that Prof. Arens is a noble-minded person who possesses wide knowledge in the fields of science, defence and foreign relations and always displays restraint and a respectful attitude towards his colleagues. Arens represents a unique figure in Israel's political landscape, Rabin said.

It is learned that Arens kept close contact with Rabin during the past week in anticipation of handing over the Defence Ministry.

When Arens showed Rabin to his office he quipped: "Here is your chair, it's a bit small, but I am not taking it with me like Gideon Patti."

Earlier, the IDF received the new defence minister and said farewell to the outgoing minister with trumpets and fanfare on Friday morning.

In a square outside the entrance of the Defence Ministry, the IDF's marching band was out in full force — 33 musicians — under the baton of Sgan-Aluf (res.) Yitzhak Grazi. Colour was added to the ceremony by soldiers from all the IDF corps, including soldiers carrying all the IDF's banners.

Rabin arrived two minutes before the start of the ceremony at 9 a.m., together with his wife Leah.

Rabin, with a serious countenance all during the ceremony, was received by Rav-Aluf Levy and Maron, who after the short ceremony accompanied Rabin up to the office of the minister, where Arens awaited his successor. Rabin had a short talk with Arens and was introduced to Ministry officials and senior IDF officers.

During the short ceremony, Rabin said that his first objectives are: to bring the IDF home from Lebanon; to ensure that war does not break out, but if it is inevitable to ensure that the IDF is prepared. He added that it will be easier for the national unity government to achieve these objectives.

In a farewell message to IDF officers and men on Friday, Arens said that the new defence minister has marked up glorious achievements during his service to the state as a soldier, as a diplomat and as a statesman. "It is with a feeling of confidence that I hand over to him the defence establishment: the IDF and Defence Ministry," Arens declared.

During a handover ceremony in the Industry Ministry, incoming Minister Ariel Sharon went out of his way to calm the anxiety reportedly felt in the ministry that his incumbrance might lead to instability and uncertainty.

At the ceremony in the Communications Ministry, new minister Amnon Rubinstein expressed appreciation for his predecessor, Mordechai Zipori. "I know what you have done to pave the way for a second television channel and for cable television. We are of one mind concerning the need to break the Israel Broadcasting Authority's monopoly. All monopolies are bad, wasteful and arbitrary. The IBA's monopoly costs the state much money and represents a small group that decides what is good and what shall be heard," he said.

"In any case," Rubinstein added, "we have a written and clear assignment concerning this matter."

Rubinstein also said that the communications system could be modernized within five years to bring it up to the level of advanced western states.

The ministerial changeover in the Education Ministry takes place at 2 p.m. today, and in the Health Ministry at 3 p.m.

Mixed reaction to new gov't

Jerusalem Post Staff

World reaction to the formation of the unity government was predictably mixed over the weekend, with the U.S. congratulating Prime Minister Shimon Peres on his appointment and the Soviets foreseeing that the new government would maintain the same policies as the one before it.

White House spokesman Larry Speakes said President Ronald Reagan sent Peres a message that "reaffirmed the strong, enduring ties that bind the U.S. and Israel."

A state department spokesman said later that Peres and Deputy Premier Yitzhak Shamir were to be congratulated "for their courageous and difficult decisions that have resulted in the formation of the new Israeli government."

Arab commentators Friday generally dismissed the call for Jordan to enter peace negotiations and a pledge to pull out of Lebanon as a ploy and verbal balloon.

Press commentators in Jordan said the call amounted to a ploy and cast doubts on the ability of the new Israeli government to reach a Middle East settlement.

In Lebanon, the leftist *As Safir* daily said Israeli national unity governments have always been linked in the past with wars.

Czechoslovakia accused the new government of planning a swing to the right and said there is virtually no difference in the political plans of the Labour and Likud blocs. Tass carried a similar statement from Moscow.

Herzog sees moderation in some Arab states

By JUDY SIEGEL

Jerusalem Post Reporter

A "psychological change" has taken place in the Arab world, with moderate Arab nations no longer thinking twice about whether to negotiate with Israel, but rather about what issues to negotiate.

This was stated yesterday by President Chaim Herzog speaking to 1,000 American Jews participating in the opening leadership conference of the United Jewish Appeal 1985 campaign in Jerusalem's Binyanei Ha'uma.

Nahman Shai, a spokesman for former defence minister Moshe Arens, said the minister had not been consulted about the fence, which was a routine military matter, and that the project had ceased because Gen. Antoine Lahad, commander of the South Lebanese Army, claimed it would impede the villagers' freedom of movement.

Avi Pazner, spokesman for former prime minister Yitzhak Shamir, said the prime minister had not been consulted because after the recent Lebanese complaint to the UN about Israel tampering with water sources in South Lebanon had been investigated and found to be unjustified, there was no need for the prime minister's personal intervention.

Anniversary of Jemayel's death marked

BEIRUT (Reuters). — Shops and businesses closed in Christian-held parts of Lebanon on Friday as Christians commemorated the second anniversary of the assassination of president-elect Bashir Jemayel.

In Moslem areas, religious leaders ordered prayers in memory of hundreds of Palestinian and Lebanese civilians killed in West Beirut refugee camps after Jemayel's death.

Bashir Jemayel, 34, who commanded the "Lebanese Forces" militia until he was elected president on August 23, 1982, died with 22 others in a massive bomb explosion at the headquarters of his Phalange Party in East Beirut.

Parliament later elected Bashir's older brother Amin Jemayel to the presidency.

In a speech to the Lebanese Forces on Thursday, their commander Fadi Frem pledged to follow in Bashir's footsteps.

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Herzog sees moderation in some Arab states

By JUDY SIEGEL

Jerusalem Post Reporter

A "psychological change" has taken place in the Arab world, with moderate Arab nations no longer thinking twice about whether to negotiate with Israel, but rather about what issues to negotiate.

This was stated yesterday by President Chaim Herzog speaking to 1,000 American Jews participating in the opening leadership conference of the United Jewish Appeal 1985 campaign in Jerusalem's Binyanei Ha'uma.

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Anniversary of Jemayel's death marked

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In Moslem areas, religious leaders ordered prayers in memory of hundreds of Palestinian and Lebanese civilians killed in West Beirut refugee camps after Jemayel's death.

Bashir Jemayel, 34, who commanded the "Lebanese Forces" militia until he was elected president on August 23, 1982, died with 22 others in a massive bomb explosion at the headquarters of his Phalange Party in East Beirut.

Parliament later elected Bashir's older brother Amin Jemayel to the presidency.

In a speech to the Lebanese Forces on Thursday, their commander Fadi Frem pledged to follow in Bashir's footsteps.

Rabin holds his first meeting with CGS Levy

Jerusalem Post Staff

Defence Minister Yitzhak Rabin held his first meeting Friday afternoon with Chief of General Staff Moshe Levy and with the Defence Ministry Director-General Menahem Maron to discuss immediate matters of business.

Earlier, at a handover ceremony with outgoing defence minister Moshe Arens, Rabin told the Israel Defence Forces' senior command that the army's chief task is to prevent war. He said he is certain that the national unity government will help rebuild the national consensus which is so vital for the IDF and for the defence establishment. It is imperative to keep politics out of the army and of the defence establishment, Rabin stressed.

Rabin had especially warm words for his predecessor, saying that Prof. Arens is a noble-minded person who possesses wide knowledge in the fields of science, defence and foreign relations and always displays restraint and a respectful attitude towards his colleagues. Arens represents a unique figure in Israel's political landscape, Rabin said.

It is learned that Arens kept close contact with Rabin during the past week in anticipation of handing over the Defence Ministry.

When Arens showed Rabin to his office he quipped: "Here is your chair, it's a bit small, but I am not taking it with me like Gideon Patti."

Earlier, the IDF received the new defence minister and said farewell to the outgoing minister with trumpets and fanfare on Friday morning.

In a square outside the entrance of the Defence Ministry, the IDF's marching band was out in full force — 33 musicians — under the baton of Sgan-Aluf (res.) Yitzhak Grazi. Colour was added to the ceremony by soldiers from all the IDF corps, including soldiers carrying all the IDF's banners.

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All smiles as the 25 meet Herzog

By JUDY SIEGEL

Jerusalem Post Reporter
Twenty-five men, many of them adversaries until a few days ago, mingled, joked and congratulated each other as Prime Minister Shimon Peres presented his national unity cabinet to President Chaim Herzog at Beit Hanassi on Friday.

The government includes one former president, two former prime ministers, six Sephardim, four Kippa-wearing Orthodox Jews, a moshavnik, a kibbutznik, a rabbi, a businessman, five generals — but neither a woman nor an Arab.

While the premier and Deputy Prime Minister Yitzhak Shamir conferred with Herzog in his office, the other members of the government chatted in the reception hall nearby.

Alignment and Alignment-affiliated ministers seemed remarkably at ease with their new Likud and Likud-affiliated colleagues. Only Industry and Trade Minister Ariel Sharon seemed out of place — hardly anyone from either side talked to him.

But when they stood in a row to be photographed, most gravitated towards their own party colleagues. Only Labour's Energy Minister Moshe Shaleh stood among members of the Likud.

The president was seated with Peres to his right and Shamir to his left. Alignment Education Minister Yitzhak Navon sat next to Shamir, while Likud Housing Minister David Levy (the two of them vice-premiers) was placed beside Peres. Peres, clearly moved by the occa-

sion, said that the government is the most "interesting and representative" in the state's history. Although there were many difficulties in forming the government, he hoped that it would perform well.

Herzog noted that the country's first national unity government was formed 17 years ago to deal with overwhelming military and diplomatic problems.

The present unity government, he continued, was formed mainly as a result of severe economic pressures. The whole nation, he said, looks to the new government for leadership, unity and performance.

Herzog thanked outgoing premier Shamir for his cooperation, and wished Shamir's predecessor Menachem Begin a full recovery from his illness. He then turned to his "friend" Peres and wished him the best of luck, citing Peres' long experience in public life.

Then the champagne was brought in, and Herzog toasted the new government.

Navon, who left Beit Hanassi in May 1983, after serving as the fifth president, was warmly greeted by staffers. He agreed to pose for a photographer next to his marble bust — a bad likeness — that stands alongside busts of his predecessors on the grounds.

There were jokes and many congratulations. Communications Minister Amnon Rubinstein of Shinui cracked that he tried to call his wife the day before, and when he didn't succeed, "I cursed the communications minister."

Changing of the guard

The guards changed on Friday with handshakes and toasts: (from left) Haim Bar-Lev (Labour) takes over from Yosef Burg (NRP) as police minister, giving this portfolio to his own ministry for the first time since Shimon Harel held the post in the last Labour government in 1977; Yitzhak Moda'i (Liberal) and Yigal Cohen-Orad (Likud) drink a toast, the first time the Treasury changeover has gone smoothly since Yehoshua Rabinowitch (Labour) made way for Shmuel Eilich (Liberal) in 1977; Ariel Sharon (Likud) steps in as Industry Minister in place of Gideon Pati (Liberal), and Amnon Rubinstein (Shinui), the new communications minister, sips cognac with his predecessor Mordechai Zipori.

(Yitzhak Harel)

Judges nominated as deputy court presidents

TEL AVIV (Itim). — Judges Yosef Harish and Shulamit Wallenstein were nominated last week to the positions of deputy presidents of the Tel Aviv District Court. They have both been judges at the court for many years.

SHOOTING. — The Border Police and Israel Defence Forces trainees for the Gadus para-military youth organization won first places in the Israel Defence Forces rifle shooting competition, which took place at the weekend. The winner in the personal competition was Meir Abukasis, of the Border Police.

Herzog leaves today for three-day visit to Holland

By JUDY SIEGEL

Jerusalem Post Reporter

The increased repression of Jews in the Soviet Union and the contribution of Jews to the war effort against the Nazis will be among the topics President Chaim Herzog is to stress during his three-day visit to Holland this week.

Herzog is leaving today to attend ceremonies marking the 40th anniversary of the liberation of Holland and of the Battle of Nijmegen, in which he participated as an intelligence officer in the British Guards' 32nd Armoured Division from Erez Yisrael. He is to return home on Wednesday.

At the ceremonies, the president will take the opportunity to stress that he was only one of 1.5 million Jewish soldiers who took part in the struggle against the Nazis. He will spend more than a full day granting interviews to European newspapers and TV stations.

Tomorrow Herzog is to attend ceremonies at a monument to the underground fighters against the Nazis, as well as at a museum to be opened by Prince Bernhard. He will deliver the main guest speech at a reception given by the mayor of Nijmegen at town hall.

The Nijmegen ceremony will be the only opportunity for the Israeli flag to wave and for *Hanukkah* to be heard at ceremonies in Europe marking the liberation from Nazi rule.

French minister to deliver good-will message to Peres

By DAVID RUDGE

Jerusalem Post Reporter

HAIFA. — French Interior Minister Gaston Defferre is to deliver a message of friendship and encouragement this morning to Prime Minister Shimon Peres from France's president and prime minister.

Speaking here on Friday morning, Defferre said in answer to a question that he felt Peres' friendship with French President Francois Mitterrand could lead to closer ties between the two countries.

Defferre said he would report on his meeting with Peres to Mitterrand and Prime Minister Laurent Fabius on his return home later today.

Defferre spoke after a reception in honour of himself, his authress wife

Madame Edmonde Charles-Roux Defferre, and the rest of the French delegation, given by Mayor Arye Gurel at the Town Hall.

Defferre, who is also mayor of Haifa's twin town Marseilles, is making his third visit here in the past six years.

He declined to comment on Israel's unity government, pointing out that it had not been established before he left Paris on Thursday. Nevertheless, he assumed France's official reaction to the new government would be very favourable.

Defferre, in charge of long range planning in the French government, said he hopes that Israel and France could collaborate more on issues relating to new technology.

'Streets are unsafe,' Tel Aviv judge declares

TEL AVIV (Itim). — "The streets

are unsafe, women are robbed and apartments broken into," Judge David Wallach said in the Tel Aviv District Court on Friday when he sentenced Avraham Shoshan, 21, of Tel Aviv to 10 years in prison, three of them suspended, for a series of robberies and burglaries. Shoshan's accomplice, Tsafir Cohen was previously given the same sentence.

The pair committed five robberies, eight burglaries of apartments and three in business premises.

In September 1982, they followed a young woman out of the Orly cinema in Tel Aviv and when she

reached her apartment, ripped a gold chain off her neck. In October, they followed a woman of 82 and repeated the crime. Soon after, they fell upon a woman of 84, stuffed a handkerchief into her mouth and pulled a diamond ring off her finger.

In another robbery on Thursday night, two thieves stole a pair of earrings, rings, a chain, bracelet and watch, said worth a total of IS500,000, from Helena Kutner, 60, after she entered her apartment in Ramat Gan, while her husband was parking his car. They also reportedly got away with her purse, which contained IS3,000 and personal documents.

NEWS BACKGROUND/David Mandel

Aggressive defence predicted in Jewish terrorist trial

The trial of 20 accused Jewish terrorists is scheduled to get under way in the Tel Aviv District Court on Monday, following a delay of over two months. Five other defendants in the meantime have plea-bargained their way on somewhat reduced charges to sentences ranging from 18 months to 10 years in prison.

The remaining defendants have all reportedly confessed to charges that include membership in a terror organization, illegal acquisition and possession of weapons, and conspiracy to blow up mosques on the Temple Mount in Jerusalem. Some are accused of attempted murder in the 1980 car bombings of West Bank Arab mayors and others in the planting of bombs in five Arab-owned buses last April 27. The last act is the one that led to the arrests in the case.

Six of the defendants, among whom are a number of well-known figures in the movement to settle Jews in the West Bank, are charged with premeditated murder in last year's attack on the Hebron Islamic College, that left three dead and dozens wounded. They face mandatory life sentences.

But despite their reported admission to most of the crimes, the 20 men have pleaded not guilty to the charges, and at least some of them apparently plan to wage an aggressive, political defence. In interviews, the defendants and their supporters

have argued that their actions were made necessary by the government's failure to protect Jewish settlers from violence by local Arabs.

There have also been allegations that certain top political and military figures encouraged the settlers' leadership, well-armed and highly integrated into their regions' defence networks, to carry out "actions that a democratic state cannot do." In this context, defence lawyers may attempt to summon as witnesses persons who occupied high posts at the time of the incidents, such as former chief of general staff MK Rafael Eitan, former defence ministers Ezer Weizman and Ariel Sharon, and others.

In addition, the defence is expected to allege that government agents had advance knowledge, and perhaps even instigated, some of the underground's actions.

On Thursday, defence lawyers received a negative reply from the state attorney's office to their request that material concerning prior knowledge of such activities by the security forces be made available to the defendants. The information, presumably concerning information gleaned by undercover agents, is classified, the lawyers were told.

Following receipt of the reply, the lawyers went to the Knesset, where they met with 13 MKs from the Likud, Tehiya, Shas, the NRP,

Morasha and Agudat Yisrael. According to Meir Indor of Kiryat Arba, who is coordinating support efforts for the defendants, the MKs promised to try to help obtain the information.

The extent to which the defendants will be allowed to politicize the trial and to introduce evidence concerning the background of their acts is certain to become an issue before the Jerusalem District Court. In opposing such moves, the prosecution will likely insist on strict observance of the rule that motive is irrelevant in determining a person's guilt or innocence.

The three-judge bench has already determined that the most serious charges, the murders at the Islamic College, will be treated separately, after all the other allegations are aired. It has also been announced that the part of the trial dealing with the alleged plot to blow up the Jerusalem mosques will be held in camera for reasons of state security.

Exposure of the alleged attempt to blow up buses last spring shocked the country and the world, and according to investigators in the case, forced the hand of over 70 police detectives and an unknown number of other security forces personnel working on the case. They had apparently hoped to gather more evidence before making their

arrests.

But revelations during the following weeks were even more shocking — the suspects were unlike several previous bands of peripheral, mystically motivated persons charged with other acts of terror against Arabs. Instead, it was well-known, central individuals in Gush Emunim, the spearhead of the Judea/Samaria religious settlement movement, who were apparently involved. The defendants include the son-in-law of the organization's most famous figure, Hebron Rabbi Moshe Levinger, and the rabbi himself was held for 11 days for questioning, suspected of having prior knowledge in some of the attacks. He was eventually released on bail, and has not been charged.

The arrests caused division in the settlement movement, with some leaders quick to denounce the defendants and to call for a major soul-searching among their following, and others, including Levinger, refusing to condemn them and essentially blaming the government for forcing some settlers to "take the law into their own hands."

Many of the latter also publicly justified at least some of the alleged acts. Tehiya leader MK Yuval Ne'e-man, for instance, aroused heated controversy by saying the car bombs had succeeded in "paralyzing the major instigators in Judea and Samaria."

Inevitably, the controversy cast its shadow on the July 23 Knesset election. Some observers attributed the significant strengthening of the extreme right — Tehiya's increase from three to five seats and the election of Kach's Meir Kahane — to a backlash in support of the defendants.

Five of the men charged have already opted out of mounting a political defence and pleaded guilty to lesser charges in return for the

dropping of some more serious ones. But to take this route was Noam Yinnon, sentenced to 18 months for transporting explosives from the Golan Heights to other conspirators in the West Bank.

He was followed by Gilad Peli, who got an unexpectedly stiff 10-year term after pleading guilty to membership in a terrorist organization, an attempted murder charge having been dropped. His conviction was considered significant in that it legally acknowledged the existence of a "terror underground."

Also convicted already are Yosef Zuria, three years for involvement in the Temple Mount plot, possession of weapons and fraud; Yehuda Cohen, 18 months for conducting surveillance of the Temple Mount; and Avinoam Katrieli, who has not yet been sentenced.

Also being tried are army officers Shomo Leviatan and Roni Gila charged with being accessories to the car-bombings. They have been released on bail, and their trial awaits completion of the main trial, since some of the other defendants must testify in the officers' case and the fate of these witnesses must be decided first.

The conditions under which the defendants are being held while awaiting trial have also aroused controversy. At first in Jerusalem's Russian Compound police lockup, and since then at Tel Mond juvenile prison, they have been allegedly allowed unusually free movement, meetings with relatives and reporters and rights to receive parcels. Several of the accused have been released for brief furloughs to attend family functions or attend to business.

The trial is scheduled to continue every Sunday, Monday, Tuesday and Thursday, with time off for the upcoming holidays, until completed.

Ashkelon man stabbed to death

ASHKELON (Itim). — A 22-year-old man was stabbed to death on a street here yesterday afternoon.

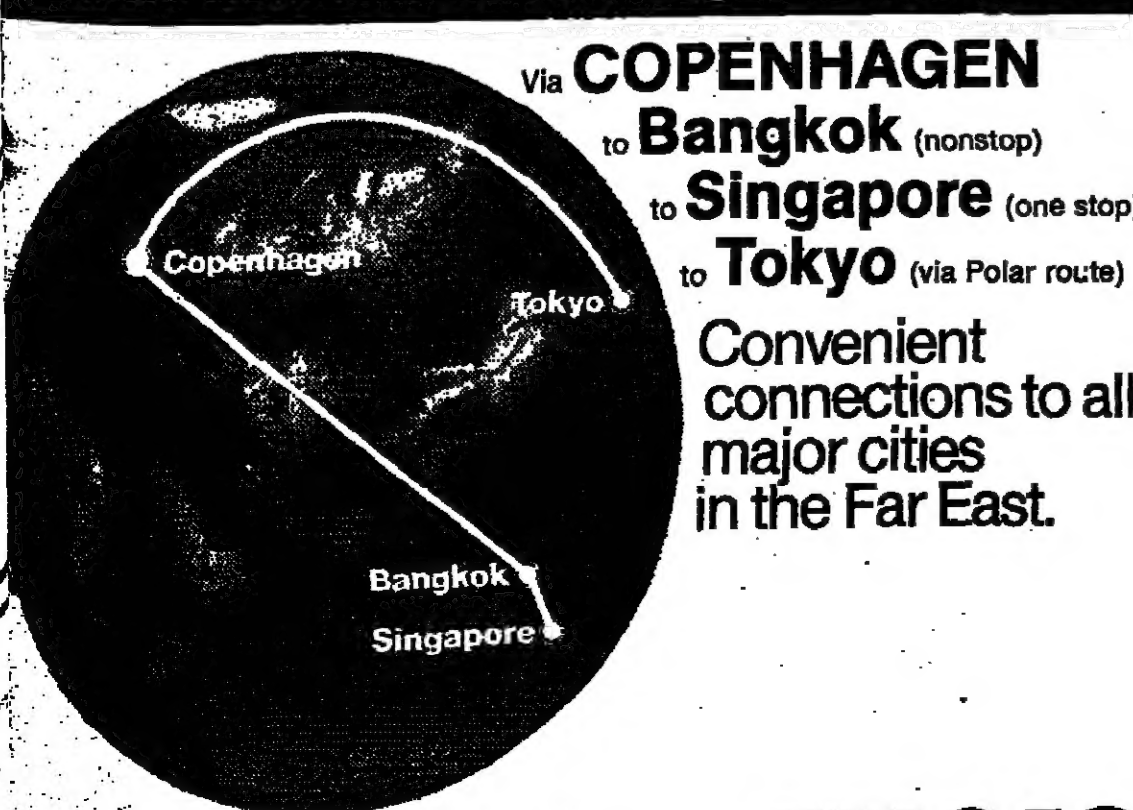
The man, Shalom Hamias, was brought to the Barzilai Hospital a few hundred metres from where he was stabbed, by an unidentified man who disappeared before police arrived at the hospital.

Hamias was released from Ramle Prison, where he served a four-year term, only five weeks ago. He was unemployed.

Police have arrested a suspect.

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Tass recalls Hitler-Stalin pact of 1939 Moscow 'explains' talks with Reagan

MOSCOW (Reuters). — The Soviet Union yesterday recalled the non-aggression pact it signed with Hitler in 1939 in what was regarded by diplomats as an attempt to explain its decision to start a dialogue with U.S. President Ronald Reagan.

A commentary published by the official news agency Tass said Moscow was forced to make a deal with the Nazi dictator because it was trying to avert a war, and in any case, needed time to improve its defences. The lessons from that period are still relevant today, it said.

Western diplomats said the phrasing of the commentary made it clear the Kremlin was trying to draw parallels between Hitler and Reagan and to show that Moscow is faced with a similar situation in 1984 as it was in 1939.

"It looks like a somewhat contrived way of trying to explain why they have decided to start talking to Reagan after attacking him as a dangerous enemy for so long," one said.

Foreign Minister Andrei Gromyko is due to meet Reagan in the

White House on September 28 for the first talks between the U.S. leader and a senior Kremlin official since the president took office.

The 1939 non-aggression treaty, commonly referred to as the Hitler-Stalin Pact, stunned the world. Until then, relations between Nazi Germany and the Soviet Union had been marked by intense ideological hostility.

Tass said yesterday that western critics at the time were wrong to believe that Moscow was fooled by Hitler or changed its attitude towards him.

"They asked how the USSR could believe Hitler, who never concealed his claim to military superiority and to show that Moscow is faced with a similar situation in 1984 as it was in 1939."

Soviet commentaries have repeatedly accused Reagan of seeking military superiority and of launching a crusade against countries refusing to adopt an American way of life.

The commentary was published on the agency's international service

and was not carried in Soviet newspapers.

The Soviet public has not been told about the Gromyko-Reagan talks. A Foreign Ministry spokesman confirmed the meeting at a press conference on Friday but newspapers omitted his comments in their reports yesterday.

Foreign Ministry spokesman Vladimir Lomeiko told a news briefing that Gromyko had accepted an invitation from Reagan to hold talks but added, "As to the subject matter to be discussed, this will be decided by the participants."

Lomeiko refused to be drawn on speculation in the West that the Foreign Minister might be bearing a new Soviet initiative to revive arms control negotiations.

"I can only presume that that statement is another among many similar statements by representatives of the U.S. Administration which emphasize that negotiations will resume soon, but at the same time reject concrete proposals put forward by the Soviet Union," Lomeiko said.

Hundreds arrested in protests across India

NEW DELHI (AP). — Anti-government strikes and protests in Andhra Pradesh and New Delhi yesterday, and in the army-controlled Punjab state on Friday, led to the arrest of about 2,000 protesters in New Delhi and Hyderabad, the Andhra Pradesh capital. Fifty Hyderabad protesters were wounded in clashes with police.

The Andhra Pradesh general strike was called by opposition parties demanding reinstatement of the state's ousted opposition leader. Three members of the national assembly who had marched with demonstrators in the capital were among the 300 detained in the rally for defying a ban on the public assembly of more than four people.

A spokesman for the state police in Hyderabad said the strike had paralyzed many parts of the state of 54 million. Strikers burned at least six buses, and hurled rocks at police, he said. Police reportedly used metal tipped bamboo staves and tear gas to scatter the rioters. At least 28 demonstrators and 22 policemen were

hurt in the violence across the state. In Hyderabad, the police commissioner said three shops and a bus were set on fire, and 72 persons were taken into custody. He said the situation in the deserted capital was under control except for some incidents of arson.

The strikers were protesting the August dismissal by Prime Minister Indira Gandhi's government of former movie idol Nandamuri Taraka Rama Rao, who had led a state government opposed to Gandhi.

The state governor, Gandhi's appointee, dismissed Rama Rao, claiming he had lost his majority in the 295-member state assembly. But the governor refused to convene the assembly to allow Rama Rao to prove his claim that he holds a majority.

Votes of confidence were postponed for three consecutive days on the state assembly last week.

In the New Delhi protest, demonstrators attempted to march to Gandhi's residence in the Indian capital to demand an unemployment sub-

sidy for all jobless youth. City police said 1731 opposition party activists were arrested in the march, and later released.

In Punjab, the general strike protesting new Sikh terrorist attacks was called by Hindu organizations and supported by the main Sikh party, the Akali Dal. The strike crippled activity in the army-controlled state, as Gandhi's government ordered strengthened security on highways and railroads.

Shops, businesses, offices, restaurants and schools were closed in protest against a bus massacre that left at least eight Hindus dead and a grenade attack on a movie theatre that killed one and injured 23, United News of India said. Both attacks this week were by suspected Sikh terrorists.

Also yesterday, the English language newspaper *The Indian Express* reported that unarmed commandos will be stationed aboard Indian airlines and Air India jetliners on hijack-prone routes.



Houses in a small village in the Japanese Alps are washed out by a landslide that left at least 10 people missing and possibly buried alive, after a strong earthquake rumbled through central Japan on Friday. (UPI telephoto)

Earthquakes again hit Japan

NAGANO, Japan (Reuters). — Earthquakes again jolted central Japan yesterday, hampering the search for 27 people missing after a major tremor on Friday.

Police said the body of a woman was found, bringing the death toll to two.

The meteorological agency said it believed yesterday's eight quakes were aftershocks of Friday's quake, which measured 6.9 on the Richter Scale and shook wide areas of Japan.

One jolt yesterday measured 6.4 and another 5.6. The epicentres were Otsuki, on the island of Honshu.

Two sharp aftershocks struck the area in the morning, and one apparently touched off a landslide near Otsuki. The first one, like the

original one on Friday, rated in the "severe" category and was described by the agency as a "direct hit" capable of widespread havoc.

A total of 540 policemen, troops and firefighters were mobilized for the rescue operation, but heavy rains yesterday afternoon and tons of mud hampered the operations.

The area was cut off by mudslides that blocked or severed roads, and many parts of the village remained without water, though water was coming in on water-supply wagons.

The national police agency said 10 people were injured, 452 houses were damaged, roads were destroyed at 117 places, one bridge was swept away and 51 landslides occurred in the area.

11 Latin American nations call for direct talks on debts

MAR DEL PLATA, Argentina (Reuters). — Latin American debtor nations on Friday invited industrialized nations to political talks, saying they should share the burden of reviving the world economy.

The Cartagena group of debtor nations also expressed concern that industrialized nations are no longer urgently trying to resolve Latin America's debt crisis.

Economy and foreign ministers of the 11-nation grouping said in a communique after a two-day meeting that debtor nations, international financial organizations and the world banking community should "make contributions (to the solution of the crisis) comparable to those carried out by debtors in their process of adjustment."

While a severe destabilization of the international financial system has not yet occurred, the consequences of that crisis are having a more severe effect on the nations of the region, the ministers said.

Their countries together owe most

of Latin America's \$350 billion foreign debt.

The ministers said that because the situation is so serious, they "decided that it is essential to invite the governments of industrialized nations to a direct political dialogue, which would be desirable in the first half of 1985."

The 10-point statement also expressed concern over high interest rates, the lack of a broad-based world economic recovery, growing protectionism and "a lack of funds for economic growth." It said political dialogue is needed to help solve these issues.

Creditor banks, meanwhile, have balked at extending the deadline on a \$750m. loan to Argentina, banking sources said in New York on Friday.

The banks are refusing the extension because Argentina has failed to reach agreement with the International Monetary Fund on an austerity programme, the sources said.

Mass funerals held for S. African riot victims

SHARPEVILLE, South Africa (AP). — Several thousand chanting blacks carried 34 coffins shoulder-high from two mass funerals to cemeteries yesterday to bury victims of fierce rioting two weeks ago.

The funeral in this dusty township took place a block from the spot where police opened fire on black protesters in 1960 and killed 69 people, turning Sharpeville into a symbol of the black struggle against white-minority rule.

In Cape Town, new State President P.W. Botha named his cabinet. Majority leaders of the Asian and mixed-race chambers of parliament were put in charge of ministerial councils for affairs affecting their race groups.

Asian Amichand Rajbansi and mixed-race leader Allan Hendrickse are the first non-whites to serve so

high in a South African government, though many of apartheid's opponents say whites will still have the final say.

Also yesterday, six opposition leaders spent their third day hiding from security police in the British Consulate in the Indian ocean port of Durban. British diplomats say the six will not be forced to leave, but Britain will not meet their request to intervene with South African officials.

Minister of Law and Order Louis le Grange ordered the men, none of them white, arrested without charges after they helped lead boycotts of parliamentary elections for Asian and mixed-race minorities.

Police said black townships around the nation were quiet after more than two weeks of almost daily riots.

Turks ired by U.S. action recalling 1915 massacre

ANKARA. — Turkish Prime Minister Turgut Ozal warned the U.S. yesterday that Turkey-U.S. relations could be irreparably harmed by Congressional discussion of the alleged massacre of Armenians in 1915.

In a statement to the semi-official Anatolian News Agency, Ozal described as inconsiderate a resolution passed this week by the House of Representatives calling for a day to commemorate the killings.

Ozal also criticized a call from the Senate Foreign Relations Committee that the U.S. take account of the incidents in its foreign policy.

The U.S. House passed by voice vote a resolution designating April 24, 1985, as "national remembrance of man's inhumanity to man" as reflected in the killings of Armenians in Turkey.

According to reports here this was followed by a Senate Foreign Relations Committee decision calling for Armenian claims to be considered in the conduct of U.S. foreign policy and referring to parts of Turkey as the home of Armenians for the past 2,500 years.

Armenians say 1.5 million of their

people were massacred in Turkey in 1915 but successive Turkish governments have denied the charge, and the issue is a highly sensitive one.

Actions based on short-term political gain in connection with the forthcoming elections, Ozal said, create situations where relations between nations become difficult or impossible to repair.

Yesterday Defence Minister Zeki Yavuzturk was quoted as saying that Turkey would review its relations with the U.S. if a proposed cut in military aid is ratified by the U.S. administration.

Yavuzturk told the Turkish news agency THA in an interview that such a move would seriously damage relations.

The U.S. House Appropriations Committee last week voted to cut military aid to Turkey to \$540 million, \$115m. less than approved by the Senate.

THA quoted Yavuzturk as saying: "If the amount becomes definite, then we would be obliged to review once again our relations with the U.S." (Reuters, AP)

European airbuses enter U.S. market

PARIS (Reuters). — Airbus Industrie, the West European planemaker which earlier this year was wondering how to get rid of 24 unsold aircraft, has sealed a \$1 billion deal with Pan American World Airways, giving it a major break in the lucrative U.S. market.

The agreement involves the sale, lease and option purchases of 91 aircraft, it was announced here on Friday.

Under the arrangement, Pan Am, which wants to modernize its fleet with more modern fuel-efficient aircraft, has signed a letter of intent to lease 12 A300-B4s and four A310-200s, plus the purchase of 12 A310-300s and 16 new short-haul A320s.

In addition, the airline has signed an option to purchase a further 13 A310-300s and 34 A-320s.



Princess Diana gives birth to boy

LONDON (AP). — Princess Diana gave birth yesterday to her second child, a 3.42 kilogram boy, Buckingham Palace announced.

The child will be third in line to the throne after his father, Prince Charles, and brother, two-year-old Prince William.

He was born at 4:20 p.m. A palace statement said both mother and baby are in good health.

Charles was present for the birth, the statement added, as he was at the birth of William.

Saudi engineer shot dead in Spain

MARBEILLA (Reuters). — A Saudi Arabian engineer was shot dead and a companion wounded on Friday night at a cafe in this southern Spanish resort, police said yesterday.

It was the second shooting of Arabs in Spain last week and fourth this year.

Police said that in the latest shooting, a youth who appeared to be an Arab entered the cafe and fired five shots at Nasser Abdul, 32, and his two Saudi companions. The attacker fled in a car.

Abdul died from a bullet in the head and one of his friends, Kamal Ibrahim, was seriously wounded in the face.

On Wednesday, gunmen wounded a Libyan Embassy official in Madrid.



Warsaw Pact nations take part in war games code-named Shield '84 in Czechoslovakia over the weekend. (UPI telephoto)

U.S. Army: planes, missiles inferior to Soviet weapons

OMAHA, Nebraska (Reuters). — The U.S. Strategic Air Command can scramble its bombers and missiles in minutes in case of emergency, but SAC officials say the weapons are no match for modern Soviet arms.

Officials at SAC, based in Omaha, Nebraska, say their B-52 bombers and Minuteman and Titan missiles are dangerously outclassed by the Soviet military machine.

President Ronald Reagan, who agrees with this view, has begun a modernization programme, which includes equipping the command with 100 B-1 bombers and 100 MX missiles.

The build-up has been criticized by his Democratic rival for the pres-

idency, Walter Mondale, and opponents in Congress.

Mondale says he will cancel the B-1 and MX if he is elected in November.

He says the B-1 will soon be superseded by the advanced "stealth" bomber now being developed, and the MX will be as vulnerable as present missiles.

In view of the huge federal budget deficits, Congress has been reluctant to approve the \$28.3 billion needed for the B-1 and \$20b. for the MX.

CIA supplied jets in Nicaragua raid, newspaper reports

WASHINGTON (AP). — A raid by U.S.-backed rebels in Nicaragua two weeks ago was executed with three rocket-equipped light aircraft supplied by the Central Intelligence Agency in an apparent drive to increase the "guerrillas" firepower, the *Washington Post* reported yesterday.

The newspaper, quoting government and aircraft industry sources, said surplus Cessna 441 observation planes fitted with rockets were secretly transferred from the New York Air National Guard to "contras" fighting the Marxist Sandinista regime in Nicaragua.

The planes were used in the raid, in which two American members of a private military group were killed while participating with guerrilla forces, the *Post* said. The State Department has denied that the Americans were on a U.S. mission.

The OZA is a light plane that can land on runways as short as 137 metres and has been used for years by air forces of developing countries.

Under limits imposed by Congress, the CIA and Defence Department are prohibited from spending more than \$24 million in the current fiscal year for operations and equipment aiding the Nicaraguan rebels.

Talks to end UK coal strike collapse in eighth round

LONDON (Reuters). — Talks to end a marathon strike in Britain's troubled state-run coal industry have collapsed in their eighth round, but a three-week dock dispute looks slightly nearer solution.

The coal talks, the first negotiations in two months, broke down on Friday after failure to agree a draft settlement on when loss-making pits may be shut down.

This point has repeatedly caused stalemate in meetings between the 180,000-strong National Union of Mineworkers and the Coal Board to resolve the dispute.

The strike began six months ago

when the NUM rejected a plan by the board to close 20 mines it regards as uneconomic.

After the talks folded on Friday with no date set for a resumption, leaders of steel, transport, electricity and other unions agreed to meet this week and consider ways of organizing "full support" for the miners.

Dockers have agreed to meet the state-run British Steel Corporation and port employers today in a bid to resolve a strike which has halted or disrupted about half of Britain's major ports. Union leaders said on Friday night that the two sides were "close" to a settlement.

Chinese court reports 23 more executions

PEKING (Reuters). — Peking's intermediate court yesterday pasted up the names of 23 more criminals executed in China's severe campaign against crime.

The posters in the suburbs of the capital listed 22 men and one woman found guilty of violent or other serious crimes.

Most of those executed were in their early 20s in line with the average age of previous reports of executed criminals. One youth was 19.

It is not known exactly how many people have been executed since the government initiated its crackdown on crime last year, but posters reported around the country have recorded the deaths of around 1,000.

Mondale banking on TV debates with Reagan

WASHINGTON (Reuters). — The prospect of two nationally televised debates between Walter Mondale and Ronald Reagan has heartened a Democratic team eagerly awaiting a presidential gaffe that could earn their candidate badly needed votes.

But Mondale has so far hit a stone wall in his attempts to wrest the initiative from an opponent heavily favoured by the polls to win the November 6 election.

According to conventional political wisdom, a challenger like Mondale has more to gain from debates than does the incumbent, and his aides have been seeking to arrange as many encounters with Reagan as possible. Two have been agreed on tentatively for mid-October.

As every tactic tried by Mondale has so far failed to improve his standing, his hope is that he can outclass the president in such a confrontation, or even that Reagan might make some inexcusable error

causing the voters to re-evaluate him.

In the past two weeks of campaigning, Mondale has slammed the president on every issue from nuclear arms control to tax and religion. He has tried peeling off his coat, rolling up his sleeves and shouting as he attacks his opponent at rallies.

But he lost still more ground to the team of Reagan and Vice-President George Bush: nine points, to a 56-40 gap, in the ABC-Washington Post poll compared to an earlier survey; four points, 55-40, in the Gallup; four more in a USA Today newspaper survey, to 57-35.

Reagan quipped recently: "President Dewey told me to run scared and not be overconfident, so the only poll I'm going to listen to is the one on November 6."

The reference was to Thomas Dewey, the heavily favoured Republican nominee who was upset by Harry Truman in 1948.

But there is evidence that refer-

ence should not be made to 1948 but to 1972, when Richard Nixon routed Democrat George McGovern by the biggest popular-vote margin in U.S. history.

Besides Reagan's impressive overall leads, the polls suggest Mondale's views are falling flat, and that some groups he expected to rally strongly to him are not doing so.

Women, whose support is indispensable to the Democrats, prefer the president by 52-44 per cent. This made them less pro-Reagan than men, but this was hardly the trend the Democrats expected when Mondale chose Geraldine Ferraro as the first female vice-presidential candidate in U.S. major-party history.

Independents and younger voters are also favouring Reagan. Only blacks and the truly poor were overwhelmingly in Mondale's column among major voting blocks.

Soviets in China for first show in 19 years

PEKING (Reuters). — A group of Soviet singers, musicians and dancers are visiting China, the first performers from the Soviet Union for 19 years, the New China News Agency said on Friday.

Dang Yunwu, head of the China Performing Arts Agency, welcomed the group, which is returning a visit to Moscow by Chinese performers earlier this year, it said.

Film star Janet Gaynor dies at 77

PALM SPRINGS, California. — Janet Gaynor, the baby-faced film star who won the first Oscar ever awarded for best actress, died on Friday at age 77, a hospital spokesman said.

Gaynor had been admitted to Desert Hospital here a few days ago with an undisclosed illness, the spokesman said.

She won an Academy Award in 1929 for her performances in the silent films from 1927-1928—*Seventh*

Heaven, *Sunrise* and *Street Angel*—launching her on a 10-year reign as one of Hollywood's leading stars.

She made more than 34 films during the 1920s and was one of the few actresses to successfully move from silent pictures to the "talkies."

But at the height of her career in 1938, she renounced her stardom for an early retirement and marriage to her second — to dress designer Gilbert Adrian. (AP, Reuters)

Former Nazi judge charged with murder

BERLIN (AP). — A West Berlin prosecutor on Thursday charged an 82-year-old former judge in the Third Reich's highest court with murder for condemning 97 people to death during World War II.

Paul Reimers was charged with murder or attempted murder in 97 cases, said West Berlin Justice Senator Hermann Orlow. He said investigators did not know how many of the executions he allegedly ordered were actually carried out.

A West Berlin court must now

weigh the evidence and decide whether it is sufficient to try Reimers, who resides in the port city of Bremen.

Authorities began investigating 577 former judges and prosecutors in 1979, Orlow said. He said they were "the entire Volksgesichtshof complex" from 1934-45.

Forty-one are still under investigation, he said. He did not know when charges might be brought against any or all of them.

THE VAN LEER JERUSALEM FOUNDATION

invites the public to a debate (in Hebrew) on:

The Military-Industrial Complex in Israel

Discussion of a research paper published by the International Centre for Peace in the Middle East

Programme

Presentation by the authors: Dr. Yoram Peri The Social-Political Dimension Mr. Amnon Neubach The Economic Dimension

Comments: Mr. David Kochav Economic Implications Maj. Gen. (Res.) Meir Amit Political Implications

Chairman and moderator: Professor Zeev Sternhell On Sunday, September 23, 1984, at 8.00 p.m. Albert Einstein Square

Jerusalem Municipality

The citizen asks, the municipality answers
The municipality of Jerusalem is continuing its campaign:

OPEN LINE

Monday, September 17, 1984 between 3-5 p.m.

This time: **SANITATION**

The department's senior staff, headed by the director, Meir Einshimster, will answer questions on garbage collection, garbage disposal bins, street cleaning and public W.C.s.

Residents are invited to call in their questions to the Municipal Hot Line ("Mokad"): Tel. 02-666666, 661666.

TEL AVIV STOCK MARKET REVIEW/Pinhas Landau

Coalition deal sustains rally

The share market experienced by far its most interesting, as well as positive, week so far this financial year. In fact, this was a continuation of the rally that began in earnest ten days ago. The spark then was the breakthrough in the coalition talks, and the market once it had the bit firmly between its teeth, sped off, onwards and upwards.

Surprising as it may seem, many professionals are not altogether happy at this turn of events. While not objecting to a rally that would go some way to correcting the erosion wrought by the ongoing inflation of 15 per cent per month, they regard the current mini-boom as too effervescent, too emotional to be sustainable.

"There is no economic justification for the scale of these gains in many of the smaller companies," say the purists. Indeed, it is hard to see the cover for the sudden jumps of 50, 100 and more per cent in companies that are, for the most part, publishing very poor results for the 1983/84 year, and expecting similarly bad, if not worse, results for the current year.

While it is true that certain sectors, notably the big banks, have succeeded in regaining a minimal level of profitability, even they admit that this is at best a modest step toward the long-range targets

they must meet, and that the future is fraught with difficulties and the possibility of further upsets.

Nevertheless, the other side of the coin is at least equally persuasive. In other words, while many shares are really worth next to nothing, and their market valuations—low as they are, are not overblown in any way, there are also many companies that are valued at prices well below any realistic estimate of their worth. These companies could double or triple their present price, and still be considered bargains—at least for the long-term investor.

Thus, in the opinion of many observers, the present across-the-board rally is only a first stage of a longer process. It may well be, in this view, that many shares that are now jumping up are doing so on the back of a wave of enthusiasm that makes no distinction between "good" and "bad", in economic terms.

However, once the "emotional" reaction to the formation of a new government passes, and the outline and details of the economic policy that will be announced soon (presumably) are available for analysis, a process of selection may be expected to begin.

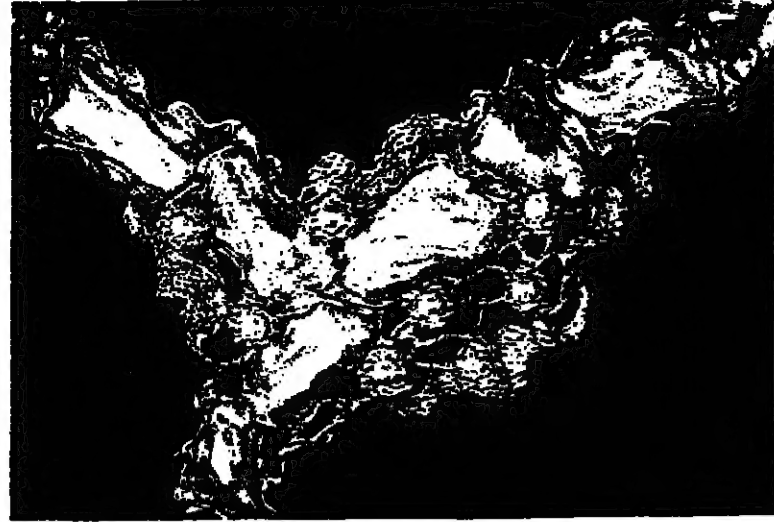
In this, money will flow to those "deserving" companies that are likely to prosper in the recession by dint of their being export-oriented, or in

"recession-proof" industries such as food. During this stage, then, the "men" will be sorted out from the "boys," and the boom, if such it becomes, will be only a "select" basis, not a free-for-all, as has characterized the Tel Aviv exchange in the past.

The Stock Exchange, meanwhile, has announced that all the companies remaining on its "black list," i.e. those which have failed to publish their 1983/84 results, will be temporarily suspended from trading as of today.

Thursday's list contained 38 such companies, but results published on Friday and even today, if submitted in time, will fend off the evil decree for the relevant company. In any event, less than half the 60-plus companies that had not reported as of the beginning of last week managed to correct this situation in the course of the week.

The bond market, in total contrast, passed the week very quietly, moving ahead in an undramatic way. The publication of the August price index on Friday and the clarification of government policy toward the capital market in general, and index-linked bonds in particular, are the two factors that this market will have to contend with in the coming days. They will determine the direction of the next move.



This pearl necklace centerpiece won the Special Award in the 12th International Pearl Design Contest in Japan recently. Sari Aberlevine and David Levine, of Kedumim, designed the 18 carat gold piece, which is the first entry from Israel to win a prize in this contest, one of the four most important jewelry design contests in the world.

Turkey awash in foreign currency

ISTANBUL (Reuters) - Foreign currency is piling up at Turkish banks for the first time in almost a decade as the country increases overseas earnings, bankers said last week.

They said foreign currency is flowing into the banks because of export earnings which topped \$4 billion in the first seven months of this year compared with \$3b. in the same period of 1983. Tourism revenues and workers' remittances from abroad are also up.

However, Turkey's central bank last week showed reluctance to exchange foreign currency for Turkish lira by cutting its buying rates for foreign exchange by up to two per cent.

Banks are thus finding it increasingly difficult to convert foreign currency earnings of Turkish exporters into lira.

Bankers said that if the central bank exchanged too much foreign

currency it would risk bloating money supply, endangering the tight money policy which it hopes will bring down the country's 50 per cent annual inflation.

But while foreign currency deposits at banks are plentiful, Turkish lira bank deposits are in short supply.

Lira bank deposits have risen but have not kept pace with inflation, and the government last month soaked up 80b. lira (\$205 million) in savings with an issue of domestic treasury bonds.

Bankers say it is prohibitive to borrow at current interest rates — three-month time deposits now earn an annual 53 per cent — to meet Turkish lira commitments.

Turkish foreign currency reserves, including those held at the banks, rose to \$2.07b. on August 24 from \$1.82b. at the end of June. In the meantime, money in circulation rose to 849b. lira from 813 billion.

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Elscint books \$35m. in new orders

By JOSEPH MORGENSTERN

TEL AVIV. - Elscint chairman Avraham Suhani has just announced that his company has received orders for 19 units of its Gyrex-5000 Magnetic Resonance Imager. The orders are valued at about \$22 million. Also on the books are other orders, valued at about \$13m., for the new Exel 1800 Computerized Tomography system.

The surge in sales of the company's two key products comes in the wake of the disappointing fourth-quarter report for the last fiscal year, ending March 31, 1984.

Elscint's new 62,000 square-foot X-ray machine manufacturing plant in Itasca, Illinois, became operational this summer and in August initial shipments were in excess of \$500,000. The Illinois facility and Elscint's X-ray plant in Nazareth are expected to produce at capacity level in line with sales forecasts.

The company's Ultrasound Dynex line, however, is encountering heavy competition and Elscint is moving its Boston facility to Israel in an effort to reduce costs.

The integration of the Elscint U.S.A. and Konics Medical Systems sales and service organizations has been completed.

Company announcements

By PINHAS LANDAU
Post Finance Reporter

Zvi Ackersfeld Cement Products succeeded in maintaining its real profit levels. Its 1983/84 results show an adjusted profit of IS129m. slightly ahead of the 1982/83 equivalent profit of IS124m. The company is in a good position as regards liquidity — a fact that works against it under the rules of inflationary accounting, as far as real profits are concerned. Nevertheless, the results are unusually good when compared to other firms in the building products industry.

Avraham Gindi, the construction company that joined the exchange only a few months ago, reported an adjusted profit of IS32.1 million for the year ending March 31, 1984. This represents a sharp fall from the equivalent profit of IS386m. in the previous year.

The company's management noted that despite the poor state of the building industry in the past year, Gindi succeeded in maintaining the real level of sales of apartments, as compared to 1982/83. It ascribes this success to the good name and high standard that Gindi has built up over the years, as well as to an aggressive marketing policy.

Amnonim Earth Moving Company announced a loss of IS230.6m., after adjustment to inflation. In 1982/83, the company reported the equivalent profit of IS10.3m.

Management pointed to the cut-throat competition that exists in the earth-moving industry, as companies fought to obtain contracts and maintain employment when faced with a shrinking government budget for work in this field, as the reason for the poor results. Amnonim decided mid-way through its business year to drop out of this price-cutting race, and most of its heavy equipment was idle for six months.

In view of the situation, and the pessimistic prospects as to the future, the company's management set up a subsidiary in Texas, which has obtained orders worth \$6.2m., to begin later this year. The company's order-book in Israel for the current year is estimated at \$2.3m.

T.A.T. Aviation Industries reduced its adjusted loss from IS110.8m. in 1982/83 to IS55.3m. in 1983/84. The past year saw the company increase its involvement in the

Lavi project, and the first orders were received for the development of components and systems for the new plane.

T.A.T. began to establish a sales network for its products in overseas markets, and received orders for equipment worth \$6m., to be delivered over six years. In all, the company's order-books totalled \$43m., of which \$34m. were destined for export, as of March 31, 1984.

Amissar, the investment company that has been transferred from the Eisenberg group to the control of Micky Albin, as a result of the recent split in the group, lost an adjusted IS42.3m. in 1983/84, after making an adjusted profit of IS54.6m. in the previous year.

Wolfson Clure Mayer, the investment and holding company, reported a loss of IS165.362m. for the most recent year, after an equivalent adjusted profit of IS98.5m. in 1982/83.

Half-yearly results for January-June 1984 were published by Israel Citrus Plantations (ICP). The company's adjusted loss increased to IS4.4m., from IS6.25m. in the first half of 1983.

Oren Buildings announced that Yigael Hurwitz resigned as chairman of the company, in view of his impending appointment as a minister. His son Yonatan, was appointed to take his place.

Jordan Investment Co. informed the authorities that its subsidiary, Amud Corp., had sold 36.26m. shares and 77.4m. options of the Jordan Hotels Co. to one of Jordan's major shareholders, Louis H. Barnett, and received \$1,543,755 for them.

This sum is to be used to repay a loan falling due to a Bank Leumi subsidiary. Amud Corp., however, reserved the right to repurchase up to half the shares and options of Barnett, either in one or more transactions, within two years of the current deal. Amud will have to pay the original cost price, plus interest of 2 per cent above the Eurodollar rate for the period until the repurchase.

Jordan Investments still holds 65 per cent of the equity of Jordan Hotels, after this transaction has been consummated. Amud Corp. will register a profit of \$320,000 from the deal.

WALL STREET WEEK

Analysts disagree on 'post-election patterns'

NEW YORK (AP). - Campaign politics will predictably exert a dominant influence on U.S. securities markets over the next several weeks. But some analysts believe surprises may be in store for people who expect the American economy and the markets to follow classic election-year patterns.

Wall Street's partisan leanings toward President Ronald Reagan and his conservative policies are well known. Polls of investment man-

agers have shown that they expect him to win a second term over Democratic challenger Walter Mondale.

That would seem to be the perfect recipe for a rising stock market up to and through the election. However, some market-watchers say that conclusion is too simple and obvious to be reliable.

Once the election is over, and the White House and Congress begin wrestling with budget deficit and

tax-policy problems, the standard script might seem to call for slumping business activity and stock prices in 1985. Not everyone agrees, but there were post-election bear markets in 1969, 1973, 1977 and 1981.

In the past week, the Dow Jones average of 30 industrials rose 30.14 to 1,237.52.

The New York Stock Exchange composite index gained 2.36 to 91.05, and the American Stock Exchange market value index was up 3.67 at 216.38.

Big Board volume averaged 100.35 million shares a day, against 16.85 million the week before.

"In our view, market participants who make the bearish case for the capital markets build their case solely on an expectation of the resurgence of inflation," said Arnold Moskowitz, economist at Dean Witter Reynolds Inc.

"Observers who believe this outcome is likely assume the present business cycle is going to be a replay of the inflationary cycles of the 1970s. We think this position will be dead wrong."

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Workers strike at General Motors

DETROIT (Reuters). - Workers at General Motors, the world's largest car maker, went on strike at 13 plants in the U.S. yesterday after negotiations on pay and other issues broke up without agreement.

The strike by just over 60,000 workers of the United Auto Workers union (UAW) was not expected to have an immediate impact on production, as the plants are normally closed for the weekend.

UAW President Owen Bieber told reporters that the talks, which broke up early yesterday morning, were due to resume at General Motors headquarters in Detroit later yesterday.

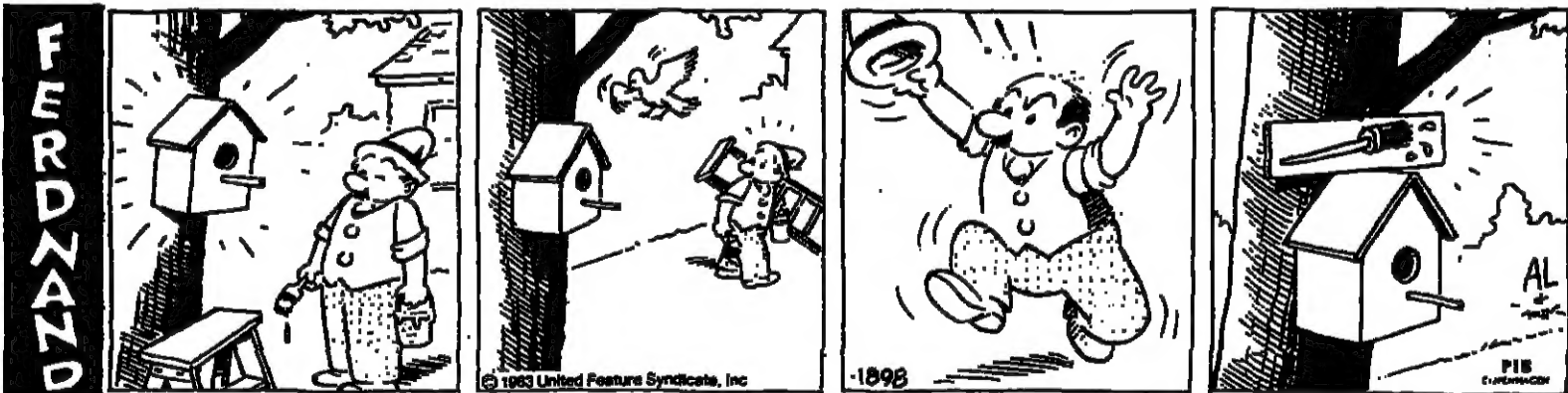
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ONE-AND-ONE CROSSWORD

ACROSS

- 1 An aircraft that comes as a godsend? (4, 4, 5)
- 10 Reputedly unrivalled he was as a string-puller? (7)
- 11 Turkish oil-man's novel arrangement? (7)
- 12 An evergreen old priest returning to vote? (4)
- 13 The fruit drink the girl had on her boyfriend? (5)
- 14 A German half-back? Nonsense! (4)
- 17 Rebellious biblical youth whose long hair caused his downfall? (7)
- 18 They're bound to go on foot for the summer holidays? (7)
- 19 Singularity observant Sicilian giant? (7)
- 22 Saw a rambling getting into the lead? (7)
- 24 He fell out of sympathy with his mate? (4)
- 25 TV news announcement of a lightning strike? (5)
- 26 Murphy turning up in South Dakota? (4)
- 29 24's partner taken to bogus fruit centre? (7)
- 30 Unusually verbose remark? (7)
- 31 Killing time? (7, 8)

DOWN

- 2 It doesn't often stop to put a thought into words? (7)
- 3 One who is entitled to take a narrow view? (4)
- 4 The public speaker's elevated standpoint? (7)
- 5 Is most upset about a doctrinaire lot of oriental revolutionaries? (7)
- 6 Very large sum of money for a nuclear deterrent, maybe? (4)
- 7 One kind of ice-cream van I sum up? (7)
- 8 A temporary address for the rest of the year, possibly? (7, 6)
- 9 It's only right that he should get the lot? (7, 6)
- 15 Kitty's capsized sailing-boat? (5)
- 16 Create vexation putting a tune on in New York? (5)
- 20 A chute rebuilt outside a French country-seat? (7)
- 21 Magnificent 11? Yes? (7)
- 22 Clergymen who should be good at handling crooks? (7)
- 23 Turn poster about a paper-making plant? (7)
- 27 A little fellow who says clever things about hydrogen? (4)
- 28 A unit in the Salvation Army east of Suez? (4)

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ACROSS

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- 4 Running nooses
- 5 White heron
- 9 Annual
- 10 Disfigured

DOWN

- 1 Fold
- 2 Recounting
- 3 Penetrating
- 4 Inventory
- 5 Pungent vegetable
- 6 Abrupt
- 7 Commerce
- 8 Brass instrument
- 9 Zealous
- 10 Perplex
- 11 Ruse
- 12 Shackles
- 13 Furlough
- 14 Remain

Soviets 'haven't cancelled meeting'

BONN (AP). - The Soviet Union has not cancelled the annual West German-Soviet Economic Commission meeting scheduled for September 24-29 in Bonn, a West German government spokesman said on Friday.

But he said Moscow is apparently re-evaluating the appointment in light of the death this month of the man who was supposed to lead the Soviet delegation to Bonn, Deputy Premier Leonid Kostandov.

Moscow is expected to make a definite decision this week, he told a news conference in Bonn.

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U.S. dollar	364.09	Irish pound	12.21
British sterling	462.63	Spanish peseta (100)	27.69
German mark	120.29	Jordanian dinar	10.13
French franc	39.81	Lebanese lira	51.40
Dutch guilder	106.70	Egyptian pound	298.35
Swiss franc	145.50		
Swedish krona	42.529		
Norwegian krone	42.584		
Danish krone	33.209		
Finnish mark	58.164		
Canadian dollar	276.94		
Australian dollar	302.74		
South African rand	219.46		
Belgian franc (10)	59.765		
Austrian schilling (10)	171.22		
Italian lire (1000)	195.04		

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SWITZERLAND	FRANC	1	144.7370	146.3430	143.4500	148.5000		
SWEDEN	KRONA	1	42.3352	42.8639	41.3600	43.4000		
NORWAY	KRONE	1	42.3352	42.8639	41.3600	43.4000		
DENMARK	KRONE	1	33.0139	33.4259	32.2900	33.8600		
FINLAND	MARK	1	37.8161	38.3376	36.5900	39.5000		
CANADA	DOLLAR	1	274.9563	278.3871	270.3400	282.5000		
AUSTRALIA	DOLLAR	1	300.7285	304.5112	287.3600	311.3600		
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By PAUL KOHN
Post Sports Reporter

Veteran Israel Vogel, 35, notched the Kfar Sava winner with a header in the 57th minute, after a corner by Yitzhak Maimony. The Sharon side were without their top striker Eli Yanni, because of a dispute, but new signings, Shlomo Kirat (from Betar Jerusalem) and Amos Berta (from

Tottenham's glory could be short-lived because last week's third-

Perkis also said that he might have

showed why he has climbed so far, so

Оlympic pay-off

10

This week's schedule: Home team first.

MONDAY - Afnia v Hap. Halfa; Betar TA v Gan Shmuel; Klyrat v Hap. TA; Mac. Halfa v Gali Elyon; Mac. RG v Hap. RG; Mac TA v Hap. Holon (the last two games are part of a Yac Elyahou double-header)**THURSDAY** - Hap. Halfa v Holon; Gan Shmuel v Klyrat Gati; Hap. RG v Bet. TA; Afnia v Mac RG; Hap TA v Mac. Halfa.

FRIDAY - Mac. TA v Limassol (European Cup preliminaries) **SATURDAY** - Mac. TA v Limassol (return game both at TA University)

Los Angeles 6, Cincinnati 5; San Francisco 3, Atlan-

W

THE JERUSALEM POST

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The role of the President

PRESIDENT Chaim Herzog had every right to be satisfied at Friday's ceremony at which Prime Minister Shimon Peres presented to him the national unity government. For it was the President who soon after the July elections urged both major parties to form a unity coalition.

True, when he then entrusted Mr. Peres with the task of forming a new government, the President stressed that any government which can command the support of the majority in the Knesset will be the legal and accepted ruling administration. This had to be his formal position, particularly in view of the fact that both major parties were trying to form a narrow coalition. That was primarily in order to improve their respective bargaining positions in the difficult negotiations for the setting up of a broad, unity government.

But the President never made a secret of his real preference for a national unity government, a preference motivated not only by the stalemated election results. He felt the need for a major conciliatory move to change the country's political climate and thus gave public expression to his views.

The role of the President in Israel has never been clearly defined. It is for this reason that each of Israel's six presidents made their personal impact on the lofty position of head of state which by definition is primarily a ceremonial office.

But it is precisely in situations of deep political rift and crisis and parliamentary deadlock that the President can fulfil an important national function through personal initiative.

Thus, former president Yitzhak Navon broke his silence two years ago and called publicly for the appointment of a judicial inquiry commission to examine responsibility for the events that culminated in the massacre at the Sabra and Shatilla camps in Beirut.

Public figures who come to the presidency from an active political life, as was the case with both former president Navon and President Herzog, have a particularly difficult task in elevating themselves from partisan party politics to the high and impartial position of Head of State - the unifying symbol of the nation. But that should not prevent them from fulfilling vital national functions, particularly when there is a political vacuum or stalemate.

That was precisely the case in the aftermath of the July elections. Had the better and the more responsible judgement of both Prime Minister Peres and former prime minister Yitzhak Shamir not prevailed in their parties, the deadlock which nearly stymied the coalition talks could have easily been carried on to the Knesset. In that case, it might have also been difficult, if not impossible, to have mustered a majority in the House for new elections. As a result, the former government would have had to carry on for quite some time as a caretaker government, with all that such a situation would have entailed.

It is probably for that reason that a number of Knesset Members are now contemplating the broadening of the authority of the President, making it possible for him to initiate new elections should there be no other way out of a deadlock.

The role of the President is certainly in the first instance that of a national conciliator. In a country such as Israel, ridden with so many ethnic, religious and national differences and rifts, as it is, the President's conciliatory role is therefore of utmost importance. This applies with equal force to his relationship with Israel's Arab and Druse citizens.

President Herzog therefore deserves praise for having proceeded last Thursday with his official visit to the Arab town of Nazareth, against the advice of the Northern District Representative. The fact that the Interior Ministry had succeeded for the past 25 years in dissuading Mr. Herzog's predecessors from undertaking such a visit only proved that courageous and independent action by the President was called for.

The long-term impact of such a conciliatory visit is likely to be felt in the future in more ways than one. Coming on the eve of President Herzog's departure for Nijmegen in Holland, where, due to his presence there, the Jewish flag will be raised, together with those of all the other Allied powers who fought to defeat the Nazi enemy, his recent initiatives are particularly welcome.

SETTLEMENTS

(Continued from Page One)

discussions between Likud and Labour leaders, and would then be formally ratified by the cabinet.

The sources implied that apart from the one settlement in Samaria already agreed upon, (near Tul-karn) the other four to five would be within the confines of Labour's Plan.

As to the one near Tul-karn, Mr. Likud will be able to argue that it is (a) in Samaria and (b) outside the confines of the Alon Plan, while Labour will be able to contend that it is close to the "green line" and therefore accords with "minor border adjustments" which Labour advocates in an eventual peace plan.

As for the remaining 22-23 out of the list of 28, they are to be erected "in the subsequent years," according to the policy guidelines document, "the timing to be determined by the national unity cabinet in its plenary."

This latter provision is effectively neutralized, however, by a provision in the Likud-Labour coalition agreement stipulating specifically that "every issue, including those which the policy guidelines say should be discussed in the cabinet plenary, will be discussed and decided upon by the 'inner cabinet' - if either the premier or the deputy premier so requests."

The "inner cabinet" or ministerial security committee is to comprise 10 ministers, five from Likud and five from Labour.

Members of Knesset (Citizens Rights Movement) Shulamit Aloni and Yossi Sarid yesterday said they have in their possession the list of 28 settlements approved by the previous government. The MKs said the list has been accepted by the unity government.

Aloni and Sarid said that in 13 of these planned settlements, infrastructure and roadwork have been begun, and that no order has been given to halt this work. They said that on two additional sites, settlers are already inhabiting tents.

Labour's cabinet minister Ya'acov Tzur (Absorption) last night said that Aloni and Sarid's charges are nonsense.

Tzur, an associate of Defence Minister Yitzhak Rabin, said, "It is Rabin's job to supervise all settle-

ments in the areas, and you can be sure that he will only permit projects which are covered by the basic policy guidelines which he signed last week."

He said that the five or six settlements mentioned in paragraph 15B of the guidelines had not yet been agreed upon. The Likud submitted to Labour a list of these five or six which Labour had rejected. Labour would not accept any new places which were not in either the Jordan Valley or the Etzion bloc or the vicinity of Jerusalem, he said.

Tzur said that Labour had accepted the Likud's demand during the negotiations that decisions by previous governments about new settlements would not be revoked. But paragraph 15C of the guidelines made it plain that there was no commitment to implement these decisions during the four years of the present government.

EGYPT TO PUSH

(Continued from Page One)

This was a reference to the 17 Arab countries which severed diplomatic relations with Egypt following the signing of its treaty with Israel.

Egyptian ties with these countries have improved considerably since President Hosni Mubarak took office in 1981, but diplomatic relations remain severed.

Ali also said that "Petroleum consumption in Egypt has been increasing at the rate of 15 per cent annually. This means that in seven years we shall consume our entire oil production and nothing will be left to export."

He clearly implied that after 1991, if consumption continues to increase, Egypt would have to import oil.

Egypt began exporting crude oil in 1974. Its production has increased steadily to nearly 900,000 barrels daily at present, according to official figures.

Nearly half the oil production is exported. Last year exports fetched more than \$2 billion, making oil the second largest source of foreign currency after remittances from Egyptians working abroad.

AS HE WAS led to be executed, Joe Hill, the famous American labour organizer is reported to have said, "Don't mourn for me - organize! Few now rejoice at the formation of the national unity government, even if many are relieved. But there is work to do, and organization is necessary."

Seldom has the agenda seemed so clear, with the economy and Lebanon topping the list. A closer look however, shows that these overlay many basic ongoing questions. For example, any serious economic remedies may require a large cut in defence outlays even without an army in Lebanon.

The reduction of public and private budgets, and with it a shock to employment, could, if poorly managed, destroy the social gains of the past decade. These are only now showing the fruits of increased equality of opportunity, seen, for example, in the growing numbers of students in higher education who come from the development towns and the shechunot.

Beyond this, and perhaps even more important in the long run, are constitutional questions - particularly the election system - and, in the light of Kahan's entry into the Knesset and the soldier's vote, public democratic and humane values. The agenda is really more complex now than ever before, and to cope with it the following steps would help.

□ The issues of the constitution and education for values must be kept high on the agenda by means of a division of labour. If the Knesset does not now represent a clear national will, it can represent a national conscience, and it can make these issues a central concern.

At the same time, the Knesset should get the professional help it needs in order to oversee the government, by adding substantive knowledge and analysis, in the committees, to the voices of opposition that will be heard on the right and on the left.

□ The work of the cabinet must be organized so that it will become an effective executive committee, with staff work and authority. Without effective staff work, the cabinet will become, more than ever before, an "upper house" and forum for debate. In particular, the cabinet needs the capability to resolve, jointly, the

needs and potential of economic and social policies, as well as the independence of knowledge and strategic thought for effective direction of defence policy.

□ A basic reform of the machinery of government must be started. Thus steps must be taken to restore the ability to govern. Even in the past, when a more homogeneous array of parties, with larger electoral pluralities sat in the cabinet, governments consistently failed to sense and evaluate the challenges, or to define goals, develop strategies and carry out decisions effectively. The system has resisted decades of attempts at reform, until it now seems that only a marked change, one that will give the cabinet the ability to govern, will avoid catastrophe.

THE CHRONIC illness of government organization, more acute recently, has led to many diagnoses and prescriptions. A host of official and unofficial groups have made studies and asked for reforms, but nothing much has happened. Time is now getting short, and what remains to be done is to decide and to act on the most pressing needs.

In the short term, the cutting of public and private expenditure, and the friction involved in shifting investment to future industries and services will mean reduced demand, and thus unemployment, until, hopefully, demand is restored through export orders and import substitution. Unemployment could hit particularly hard at the weaker and less skilled. But the support of those displaced, and morale, are only part of the story, however human the need.

Growth and export mean that people will have to learn new skills and change to new work environments. Yet education is failing to less in science and technology than it is in values.

In the developing service and communication economy of the future, middle-level skills will increasingly be automatically performed while the proportion of higher skills and some lower-skilled work will increase. Because of the present crisis and the lag in starting the shift, a smooth transition is hardly likely;

By DANIEL SHIMSHONI

yet, beyond the manipulation of economic boundaries, changes in the structure of the economy and of the work force are needed.

Social and economic policies were, till now, made separately in a fragmented way, and with no effective focus for social decision. Economic measures were first prescribed, following which the social ministries fought rear guard actions in order to try to mitigate the adverse impacts on the weaker parts of the population.

In this action, as well, they acted with dispersed forces, and each ministry went its own way. Lacking authority, and thus executive authority, the social and welfare committees were unable to develop and manage coherent policies across ministry lines. Importantly dependent on economic decisions made elsewhere, and with budget control abnegated to Treasury officials, often not the most senior, they directed their energies to worthwhile but partial innovation, as in the educational welfare programme of the Rabin cabinet, or Project Renewal, when Yadin was deputy prime minister and chairman of the committee. Under David Levy, the committee seldom met.

This state of affairs was somehow tolerated under full employment, and when euphoria was delaying the steering of the economy in new directions. It will not work now. One answer would be to set up an emergency economic and social task force in the cabinet, and to back its work with a professional policy and planning group that would develop and evaluate the alternatives for the new policy, and closely follow its execution. This would enhance the ministers' authority and their ability to carry out retrenchment redirection wisely.

Even more important, it could restore genuine social and economic authority to the cabinet, where it belongs, rather than solely to the Treasury, or, within it, to the budget department. In the past, budget cuts were made at the board, aided by global inter-minister horse trading.

Good programmes and essential jobs went down with the bad, mak-

ing effective management impossible, as when all jobs and contracts are suddenly frozen - only to have some of them released under pressure. Starting now to develop economic and social policy jointly, with adequate staff work, would give the experience and develop the organization needed for cabinet-level domestic policy in the future.

IF THE ECONOMY is too important to be left to the Treasury, surely national security is too important to be left to the Defence Ministry. This is what happens however, when there is no independent, high-level staff work under the ministers' committee for defence.

Of all the ministries, defence, or rather the IDF, has highly developed staff work and analysis. The trap is, that neither the civilian part of the ministry, nor the cabinet, have independent capabilities to assess security, to evaluate or obtain contrasting or independent intelligence estimates, or relate the development and use of the armed forces to political situations and goals.

The question is, how to make defence more open, controlled and responsive taking into account the wider political and economic aspects of security, and making the political system effective in guiding defence policy. All of the committees in the past have asked for cabinet units that would develop independent security estimates. There have been indications that an independent organizational potential, in the cabinet office, for strategic decisions and for the use of defence resources, may now be feasible.

At the same time, the Knesset Foreign Affairs and Security Committee could start off on the right foot. Although always relatively powerless regarding defence questions, there have been good attempts in the past. For example, when Moshe Arens was chairman of the committee, specialized sub-committees and an experienced membership gave the committee considerable knowledge and critical ability. A first step of the new chairman could be to secure for the committee independent investigative capability.

EVEN WHEN cabinet methods are improved, there is still need to overhaul the machinery of government. If anyone doubts this, consider the loss in the Treasury and the impact on the economy of the ineffectiveness of taxation.

A recent report by Yehzekel Dror, Yoseph Rom and Moshe Shani made proposals on a broad front, ranging from the prime minister's authority to call new elections, through cabinet, policy analysis, to bringing the government into the computer age.

One could argue with some of their points, but only good would come if the report were adopted as a basis for action. Two recommendations are of immediate importance. First, to start to train policy analysts and senior managers in an effective way. The civil government should be serious, as is the IDF, about the recruitment and training of those who will lead it.

Secondly, it is proposed, that a minister take on, as his sole task, the re-organization task force. There is now no lack of ministers. A central agenda could include: re-defining the tasks of central and local government; correcting the fragmentation of implementation efforts; achieving for government managers the proper relation of authority and responsibility; operating, in government, modern computer-based information systems to provide timely feedback and bases for decision.

Organization can never replace leadership, sensitivity to needs, or values, tenacity and civic courage; but without it, these can fail. Looking at the suggestions here, it will be obvious that they are not an original list. Most of what has been written has been known for some time. In this respect, the Israeli governments have been like the proverbial farmer, who was reproached by an instructor from the agricultural field service for not seeking more knowledge in order to improve his productivity. As the story goes, the farmer replied, that if only he would apply half of what he already knew, he would be a very rich man.

There is no lack of ideas and knowledge. What remains is to act.

The writer is a professor of public administration at the Hebrew University.

READERS' LETTERS

LOWER TAXES

To the Editor of The Jerusalem Post Sir, - Are Israeli politicians really considering additional or higher taxes as a way to solve the country's economic problems?

Raising taxes seems a strange remedy when up to 30 per cent of the Israeli economy already functions "underground" - the classic consequence of excessive taxation. Squeezing firms and individuals still more will not encourage them to hire or produce. The result of higher tax rates will be more tax evasion and possibly even increased emigration.

What Israel needs now is lower tax rates, to go with significant spending cuts. That combination has stimulated real growth in economies as diverse as Singapore and Massachusetts, Hongkong and Puerto Rico. It worked in modern Japan; it appears to be working in the present-day U.S.

A nation which must spend a third of its wealth on arms simply cannot afford an inefficient tax system with major disincentive effects. The alternative of ever increasing taxes will add little if anything to revenues, let alone productivity, but will (when combined with the inevitable cuts in subsidies) produce a first-class depression with high unemployment, zero productivity and declining morale - all euphemistically dubbed "austerity."

SETH A. HALPERN
Scarsdale, New York.

WHO IS A JEW

To the Editor of The Jerusalem Post Sir, - The answer to the question, "Who is a Jew?" is becoming critical and it must have a popular consensus. I suggest that we accept as its definition one that we all know well. Six million Jews lost their lives because they were Jews. Nobody asked them if they were Orthodox, Conservative or Reform Jews, or Jews converted to Judaism, or converted from Judaism. Their deaths give us an answer to the question, "Who is a Jew?"

Will this be the last slaughter of Jews? If there is never another slaughter of Jews, it will be an era different from the record of the history of the past.

If history repeats itself, we can expect Jews, whether Orthodox, Conservative, or Reform, whether converted to Judaism or away from Judaism, whether they have two parents who are Jewish or only one

grandparent who is Jewish, to die together in another Holocaust.

This gives us a definition of a Jew. People who are covered by this definition as Jews, know that in another Holocaust, they will join other Jews in death. Let us accept them as Jews in life.

Don't let this question divide Jews. If we do, it will bring the next Holocaust upon us sooner.

JOSEPH S. WRIGHT
Yonkers, N.Y.

"RANDOMALIA"

To the Editor of The Jerusalem Post Sir, - I am delighted to see that Miriam Arad is writing in The Post in her own right, rather than just as the English alter ego of E. Kishon. Her "Randomalia" pieces are little gems.

ABE KRAMER
Jerusalem.

INCONSISTENT INDIRA

To the Editor of The Jerusalem Post Sir, - Recently Indira Gandhi vociferously condemned the ruthless suppression by the Sri Lankan government of the Tamils, who are demanding a separate state within Sri Lanka, although they are immigrants to that country from Southern India. However, she put down with an iron hand a similar demand by the Sikhs of India.

As far as Mrs. Gandhi is concerned, what is sauce for the goose is not sauce for the gander.

The inconsistencies in her foreign policy are so numerous and apparent that many times they seem farcical.

India has renewed its diplomatic ties with China, which still occupies her northern borders. She maintains an embassy in Pakistan which has forcibly seized a part of her territory in Kashmir. Yet, she refuses to have diplomatic relations with Israel because, as she states, it is in occupation of Arab territory.

The principles of non-alignment so piously professed by India's past leaders, seem to have vanished with time and India appears to have become another satellite of the Soviet and Arab bloc.

MOSHE VERULKAR
Lod.

JOINT CONVERSION COURTS

To the Editor of The Jerusalem Post Sir, - Interviewed at a press conference called by the Committee for the Integrity of the Jewish People (August 7), a certain Rabbi David Hollander of New York warns of the danger of non-halachic conversion: a danger many of us have been aware of for a long time. But what is the proposed peculiar solution? For the Knesset to pass a "Who is a Jew" law that is so insulting in its implication that the Conservative and Reform movements overseas - which include far more Jews than Orthodox - will be deeply mortified. Conservative conversions are routinely halachic. Thus, the point of the proposed change is not that only halachic conversions will be recognized by the Ministry of the Interior - it is that Orthodox functionaries will have the legal right to invalidate halachic conversions done by non-Orthodox rabbis.

I suggest a simple, practical, honourable solution to the "Who is a Jew" problem: combined Orthodox and non-Orthodox rabbinic conversion courts.

Although all Conservative conversion in Israel (and, to the best of my knowledge, all Reform conversion in Israel) is indeed halachic by all objective standards, in the interest of promoting communal peace, let us try an experiment. Let us Jews reach out to each other instead of fighting each other. Let us henceforth have joint Orthodox and

non-Orthodox rabbinic representation on our rabbinic courts for conversion. And, let it be emphasized that decisions of those courts must be unanimous. Thus, without changing any laws, we propose a direct informal modification that would give every sincere Orthodox Jew absolute confidence in the total halachic validity of new non-Orthodox conversions - and might even be an opening to positively dealing with the past.

If the concern indeed is what has been claimed - that is, some level of honest doubt about the halachic validity of the procedures - it is inconceivable that this offer should be rejected. Thus, if it is rejected, it will be clear to all that halachic conversion is a smokescreen, and that the real issue is recognition, in any way, of non-Orthodox rabbis as rabbis. And that such non-recognition is more important than beginning to bring order and unification to the Jewish people.

Just as there are different trends within the almost 20 per cent of the

TORA TODAY

comments to great advantage in class, and both children and adults have been able to learn from Rabbi Peil.

MARTIN TANENBAUM
(Teacher of Religious Studies at Temple Israel Center)

White Plains, New York.

GETTING A PHONE IN JERUSALEM

To the Editor of The Jerusalem Post Sir, - Over a year ago, I applied for a telephone to be installed in my new home in the Jerusalem suburb of At-Ram.

On October 5, 1983, I received approval of my application and a telephone number was assigned to me. Four days later, I paid the bill in the hope that, within a maximum of six months, I would get a telephone.

Today, ten months later and after repeated visits and calls to the telephone company, I still have no phone. Neighbours in the same building where I live who applied very recently have had their phones hooked up.

Since I work as a journalist, not having a phone at home is detrimental to my source of income. Could you please look into my case?

DAOUD KUTTAB
Jerusalem.

Bezek replies:

We have investigated the case and technical considerations have prevented us from meeting our obligations. It has been promised that Mr. Kuttab's phone will be installed within three months. We will keep track of developments and we apologize for the delay.

A. TZURIEL
Spokesman.

Jerusalem.

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